Daily Report

Latin America

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Observers Deny Argentine Weapons in Peru-Ecuador Zone

PY1109185495 Madrid EFE in Spanish 1408 GMT 9 Sep 95

[FBIS Translated Text] Buenos Aires, 9 Sep (EFE) — General Mario Candido Diaz, chief of the Argentine Joint Staff, said today that the military observers who comprise the peace mission that made possible the cease-fire between Peru and Ecuador said they have not seen Argentine weapons.

"The Argentine observers who spent six months in the zone of conflict, and who were in daily contact with Peruvian and Ecuadoran military officers, have never received any report on the possible existence of Argentine weapons in that zone," Diaz said.

The chief of the joint staff made these remarks upon receiving the eight Argentine military observers who made up the peace mission in the zone of conflict together with military officers from the United States, Brazil, and Chile, the four guarantor nations of the 1942 Rio de Janeiro Protocol.

He stressed the "difficulties" posed by the terrain, climate, and vegetation conditions and the lack of confidence between the two parties during the first few days, but said the mission then proceeded within an environment of respect for each member, minimizing the possibility of incidents.

He said: "The situation in the demilitarized area is one of absolute tranquillity, not having detected anything whatsoever that could be considered a nonfulfillment of the signed agreements."

"This action must be considered historical as far as maintenance of peace is concerned, especially because it is the first time that a mission of this nature has unfolded without UN participation, and also because hostilities between two sister nations have been suspended through great action on the part of American countries, Diaz said.

Zedillo on Need for Efficient Regional Groups

PA1309021895 Mexico City NOTIMEX in Spanish 2254 GMT 8 Sep 95

[FBIS Translated Text] Montevideo, 8 Sep (Notimex) — Mexican President Ernesto Zedillo said today in a taped message that continental integration requires efficient regional organizations, as well as the modernization of the Latin American Integration Association (Aladi).

"Mexico aspires to an Aladi that is more modern, ordered and capable of responding to the challenges posed by inter- and extra-regional relations," Zedillo stated on occasion of the 15 anniversary of the Montevideo Treaty that created the organization in 1980.

In the videotaped message that was broadcasted at the Aladi headquarters in Montevideo during the events commemorating the occasion, the Mexican president pointed out that links between the nations members of the organization "must be strengthened through more intense economic relations."

The Aladi, an organization composed by Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela, grants customs preference treatment among its members and allows the realization of regional agreements.

"The challenge posed by integration demands regional organizations and institutions that are flexible as well as efficient, in addition to being able to encourage and strengthen a successful association between our nations and those most dynamic trade and investments currents," Zedillo stated.

"Mexico grants the integration process a prominent position among its foreign policy objectives, and offers its special position in its economic opening program," Zedillo added in pointing out that his country "if part of the Latin American community."

The Mexican president stressed that Latin America's role as part of the international economic community "enriches itself and becomes more dynamic through the disposition expressed by the 34 countries at the Summit of the Americas."

The Summit of the Americas, which was held in Miami last December, pronounced itself in favor of creating a Free Trade Area of the Americas by the year 2005.

According to Zedillo, Aladi's work in forthcoming years must have "the members' manifest will to liberalize trade in the hemisphere" as its main premise.

The Mexican president mentioned that blocs such as the Andean Group, Common Market of the South (Mercosur), and the Central American Common Market, as well as organizations such as the Latin American Economic System, have been revitalized.

"The current outlook is substantially different to the one held in the 1960's" thanks to the positive "evolution" of regional integration through the establishment of Latin American organizations or blocs of countries, Zedillo noted.

Aladi's 15th anniversary celebration was held this Friday, and was attended by its secretary general Antonio Antunes and Uruguayan President Julio Sanguinetti. The

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event also received taped messages from all the presidents of the organization member countries.

Hemispheric Organizations Assist Hurricane Victims

FL1209233695 Bridgetown CANA in English 2127 GMT 12 Sep 95

[FBIS Transcribed Text] Washington, Sep 12, CANA — Four hemispheric bodies are coming to the assistance of three of the worst-affected Caribbean Community (CARICOM) countries by the destructive Hurricane Luis.

The committee of the Inter-American Emergency Fund (IEF) will provide immediate and medium-term assistance to Antigua and Barbuda, St. Kitts-Nevis and Dominica.

A sum of US$75,000 is being made immediately available through the Caribbean Disaster Mitigation Project by the Organisation of American States (OAS).

The OAS on Tuesday [12 September] despatched a team to the three countries to assess the situation and to decide how best the initial funds could be spent.

It is also providing three experts to conduct workshops on safe construction practices.

Information on construction practices will be made available to non-government organisations (NGOs) to provide for the safe reconstruction of homes damaged by the hurricane.

In addition, the Inter-American Development Bank (IDB) is offering assistance using the Caribbean Development Bank (CDB) as the channel, since the three islands concerned are not members of the IDB.

Meanwhile, the Pan-American Health Organisation (PAHO) has already put experts on the ground to help remove any health problems.

A principal concern is the possible outbreak of disease in view of disruption to the water supplies and sanitation infrastructure.

Andean Pact Countries Behind in Dues

PY1309002995 Madrid EFE in Spanish 0051 GMT 9 Sep 95

[FBIS Translated Text] La Paz, 8 Sep (EFE) — Bolivian Integration Under Secretary Victor Rico reported today that the member countries that have not paid their dues to the Andean Group must guarantee that they will pay them to all of the Group's organizations next year.

During the last meeting held in Quito on 5 September, the presidents of the five member countries of the Cartagena Pact instructed their finance ministers to meet with the representatives of the Cartagena Accord Commission in order to submit a proposal containing an "immediate" solution to the debt problem.

According to the Bolivian under secretary, those instructions were handed down because during the first three months of 1996 the Andean foreign ministers will approve the Modifying Protocol of the Cartagena Accord that contains the reforms outlined during the last meeting of the presidents. The Congresses of the member countries will have to approve the Protocol in 1996 so that the revamped organizations of the Andean Pact can begin to function in 1997.

After a 42-month hiatus, the presidents of the Andean Group met in Quito three days ago in one of the most important meetings and in which Peru took over the temporary secretariat together with the commitment of having its "two feet" in one of the integration processes that it has to revive at a time when it is dying.

The institutional reform of the Andean Pact was one of the important reforms that was adopted by Bolivia, Colombia, Peru, Venezuela, and Ecuador. The Pact must be functioning fully in 1997 once the Congresses of the five countries approve the reforms.

According to Rico, beginning with these reforms the decisions of the Andean Group will continue to be made by the Cartagena Accord Commission, but decisions will also be made by a council of foreign ministers and the ministers that are in charge of the topics that are being discussed.

The payment of dues will also benefit from the fact that the Cartagena Accord Board will take on new functions, give up others, and reduce its directorate from three people to one. Thus it is hoped to decrease the bureaucracy and to facilitate the functioning of the technical organization of the Andean Group in addition to reducing its budget.

Although no sanctions are being imposed on the countries that have not paid their dues — however, the right of some organizations to vote has been suspended — Rico stated that the delay in paying those dues troubles the Bolivian representatives who participate in the Andean Group meetings.

Bolivia owes $3 million to the Cartagena Accord Board and $1 million to the Court of Andean Justice.

Moreover, in the past month Bolivia has paid $200,000 in two installments, with the possibility of making a third installment.

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Cuba

Comments on New Foreign Investment Law

Foreign Investors React to Law

PA1209221595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 11 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] Over the past few days, the Foreign Investment Law, approved by the National Assembly of the People's Government [ANPP] this Tuesday [5 September], has caught the attention of Cubans and foreigners. Here is a special report by Maribel Acosta and Marisela Recasen on the repercussions and new views on the law in Cuba and abroad.

The skin of 11 million Cubans is not only affected by the 35-degree sunlight but also by current events on this island.

[Begin recording] [Correspondent] What do you think of the Foreign Investment Law?

[Unidentified man] I think that the Foreign Investment Law is a good law that has been approved here in Cuba.

[Unidentified woman] [word indistinct]

[Unidentified man] I do not know, I do not know.

[Unidentified woman] I do think that it should be thoroughly examined to avoid mistakes. [end recording]

Following disputes and expectations, the ANPP approved the Foreign Investment Law. The island's authorities considered the law as the country's resource to obtain capitals, markets, and technology and not to transform the property system. Experts describe the law as a complement to launching the Cuban economy.

Economist Osvaldo Martinez said the following:

[Begin recording] [Martinez] Foreign investment is an important element, but it will never replace our internal effort for development. We should always view foreign investment as a complement and not as an exclusive solution to our problem. [end recording]

During the first half of 1995, the Cuban economy increased by 2 percent. The financial reorganization measures adopted by the Cuban State lead to new steps.

Economy and Planning Minister Jose Luis Rodriguez said the following:

[Begin recording] [Rodriguez] One possibility is for the state to increase supply in the industrial and agricultural markets to simultaneously allow the introduction of currency through an additional supply and do so [words indistinct] in those markets. I believe this would be for everybody's advantage. [end recording]

According to specialists, the growth of over 100 industrial activities associated to foreign capital has shown signs of recovery. According to figures of August 1995, there are 212 economic associations and joint ventures with capital from 53 countries.

Spanish Suchel Manager Eduardo Jimenez said the following:

[Begin recording] [Jimenez] We have examined the people's real needs. Well, thus far the results have been so favorable to the point that there is the possibility of moving from an economic association to a joint venture.

[Unidentified woman] There have been various results. First, among the most important results, employment is guaranteed to all our comrades and workers in the factory. Second, the exchange of technology and the formulation of new products to update this broad field of cosmetology have been very useful. We have acquired a lot of experience. Third and very important also, the profits of our association for the Cuban part have enabled us to guarantee production for the (?local) market using national currency. [end recording]

The largest business operation was made in the communications sector with an investment of Mexican capital for $1 billion to expand and modernize telephone service in Cuba. Businesses in the oil and nickel sectors are considered very promising. Moa's nickel plant is one of the most modern in the world. Executives of Sherritt Company, which has operated the nickel plant with Cuba for over four years, consider that the island is a market with great future and security.

The Sherritt manager said the following:

[Begin recording] [Manager, in English fading into Spanish translation] We have great confidence in this market. Everything we have seen over the past four years has shown us the great willingness by the country's leadership to try to make changes and achieve development at the same time. [end recording]

However, the new Foreign Investment Law introduces the possibility of even newer methods in the country: foreign investment can surpass by 50 percent its share in a business and create free zones and industrial parks.

[Begin recording] [Unidentified man] In a free zone, in a special zone with special labor, tax, and customs systems and services of every sort, the foreign investor can come and establish an industrial processing installation. In this case, the investor would take advantage of Cuba's labor force and its qualification. It would open new doors. [end recording]

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Cubanco, a joint venture with Italian capital, is building a terminal that will operate tourism cruises. Foreign businessmen in Cuba believe that this law is very attractive.

[Begin recording] [Unidentified businessman] It seems that everybody made very positive comments. In addition, it is important to our company because if more foreign companies come to Cuba, the country's potential can be developed further for greater advantage.

[Unidentified businessman] As I said before, the law includes a series of aspects that had not been covered before, like a larger participation in the joint ventures and new areas like real estate investment, which will be a great attraction for these investors. [end recording]

While Cuba promotes this economic opening, rightist forces in the United States promote a stronger blockade against the island, but foreign businessmen in Cuba said only U.S. businessmen will be losers.

[Begin recording] [Unidentified businessman, in English fading into Spanish translation] U.S. businessmen are really the only ones at a disadvantage as a result of the blockade. They could contribute very much to the Cuban people. They could also be good businessmen and do a lot of business with Cuba. [end recording]

Authorities from the Ministry of Foreign Investment and Economic Cooperation announced that more than 300 businesses are under process. The volume of business is expected to grow by the end of 1995.

Galileo's famous phrase is well known: But it revolves.

TRABAJADORES Editorial Endorses Law

PA1309000595 Havana PRENSA LATINA in Spanish 1442 GMT 11 Sep 95

[FBIS Translated Text] Havana, 11 Sep (PL) — The CTC [Cuban Workers Federation] today endorsed the country's current economic reforms and stated that it will fight to ensure that the state makes the best use of foreign investments for the benefit of society.

In an editorial titled "The Labor Movement and the Investment Law," the weekly TRABAJADORES defended the passing of that law, which was approved recently by the National Assembly of the People's Government after many consultations between the government, deputies, and popular organizations from the 14 provinces.

"We are interested, along with the entire country, in the good administration of resources and the economic and productive success of every investment authorized by our state," the weekly noted after dwelling on the differences between the reforms implemented by Cuba and the ones passed by other nations.

What differentiates Cuba's economic opening from that of other foreign economies is that it is carried out under the direction and control of the state and "its ultimate goal is to protect the interests of the nation and the workers," the commentary pointed out.

TRABAJADORES added that elsewhere "a neoliberal and globalizing avalanche is mercilessly undermining the sovereignty of nations and weakening the state to the point of denying it any room to negotiate with foreign investors."

According to the CTC mouthpiece, the Cuban economic reform is not designed to restore the capitalist system, nor to denationalize or render nonsocialist the principal means of production, nor to deteriorate the situation of workers, the environment, or Cuban identity.

The national strategy, the newspaper stated, shows that "different dynamic variables can be utilized" without abandoning the socialist system or political principles.

Considering that the path taken by the economy does not weaken the leadership role of the Communist Party and political and mass organizations, TRABAJADORES affirmed that the unions will not shirk their job of protecting their affiliates from any attempt to ignore current labor legislation.

The role of the CTC tends to grow in view of "apparent or actual contradictions between some administrations (which in the future will have more freedom to direct and demand efficiency) and the individual, group, or general interests of workers," the commentary stated.

The weekly urged readers "not to overestimate the importance of the amount of foreign investments" in Cuba even though it acknowledged that these investments are urgently needed.

The commentary concluded that although the economic opening is essential in order to run large factories that are now idle and to access the international market, the state sector of the economy will "always continue to be a decisive factor."

Correspondents Discuss Law, ANPP Session

FL0809193995 Havana Radio Rebelde Network in Spanish 1600 GMT 4 Sep 95

["Straight Talk" program with host Luis Sexto of BOHEMIA magazine and Renato Recio and Julio

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Garcia of TRABAJADORES newspaper, at Havana's Convention Center—live]

[FBIS Translated Text] [Sexto] Today, my colleagues and I will try to give you a perspective on what is happening here during the fifth regular session of the National Assembly of the People's Government [ANPP]. The main issue, as everyone knows, is the debate of the bill on the Foreign Investment Law. Although the most heated debates are just beginning at this time, we are going to press forward and give you some views and opinions on this extremely important issue.

Right now, the ANPP is discussing Chapter 2, the glossary containing the definition of the terms used in the text of the law. The most controversial point, which has caused a heated debate unlike anything we have seen in the ANPP for a long time, is the definition of foreign investor, because it opens the possibility for Cubans living abroad to invest in Cuba.

[Recio] Exactly. This is a very controversial issue. It is an issue which in accordance with the importance of this law, has resulted in a very intelligent debate by orators who are using highly inspired language, I would once again call it very intelligent, which is making this session all the more interesting and which as is usual, the people will have a chance to see when the sessions are broadcast.

I will begin by reporting that deputy Agustin Lage first stated his disagreement with the way the definition is written, because as you said it gives the right to invest to Cuban emigres, namely, those living in the United States. He stated that even beyond the apprehension or feelings one might have regarding this issue, this definition should not be approved as is. This gave immediate rise to the debate. Deputy Lazaro Barrero opposed that view and later on, Deputy Vecino Alegret defended the first view that Cuban emigres should be excluded. Later, Deputy Alfredo Guevara gave — in my opinion — a superior deposition in which he supported the definition as written.

[Garcia] The main characteristic of the text of this glossary is that it does not discriminate against any potential investor, it does not dwell on the problem of nationality or citizenship of a potential investor. This, of course, gives room to the possibility that at some point in the future when the blockade no longer exists, there might be someone in the United States with the capital and the inclination to invest in Cuba. This potential case is linked to the blockade. I would like to add something else, if the law were to discriminate in terms of citizenship, it would immediately face the problem that the majority of the Cubans who emigrated are today U.S. citizens. Another type of analysis would have to be carried out in order to exclude these possible investors. I am speaking in terms of technical difficulties. The law would be faced with very real difficulties. I do not want to get into ideological or political issues, but the technical difficulties alone are insoluble.

[Sexto] Yet, as we have seen in the ANPP debate, this is still not fully understood. We can see different views within the ANPP and I can guess the case is the same in the general population.

[Recio] I believe that in order to understand whatever decision the ANPP makes regarding the problem being debated, we have to keep two things in mind: First, every foreign investment in Cuba, regardless of the country of origin, has to undergo a case by case process of approval by the Council of Ministers or a commission that might be created to this effect. This eliminates the possibility, for example, let me give the worst case scenario, of someone like Mas Canosa investing in Cuba. A full fledged enemy of the Revolution will never be able to invest in Cuba because there is a body that has to give its approval in every case. There is another factor which I believe is important: We must understand the fact that no investor can be seen as an enemy, yet we also cannot see investors as disinterested benefactors. Investors are people seeking to do business and Cuba finds that business either appropriate or not, independent of any political or ideological outlook that investor might have.

Therefore, we are dealing with a law which fulfills an objectively economic function. I believe that is the first thing we have to keep in mind.

[Garcia] Of course, and we have to keep in mind that the law protects the country against foreign interests. As you said, the law sees the foreign investor as a partner of Cuba, not a saint coming to help us disinterestedly, as you said. This is why the law is drafted as it is.

[Recio] Another important point: Cuba is a country under blockade. The United States endeavors to block Cuba's access to capitals, and there is a campaign to prevent third countries from establishing relations with us. Therefore, Cuba's legislative policy cannot be exclusionary and restrictive. I do not believe that we can support any form of exclusion from an ideological point of view. I support what Alfredo Guevara said in this regard, we cannot make exclusion or hatred our banners. Let hatred be the banner of the people in Miami, the far right sector. On behalf of ideology, I defend the way the law was drafted.

[Sexto] Of course, because we are also defending the survival of the country on behalf of ideology.

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An ideology that seeks to destroy cannot be a valid ideology. We are seeking to build our country, defend our country despite the decisions the country is making.

[Recio] I wanted to point out that this is being debated right now, and that in theory either of the two views might succeed.

[Sexto] Of course, we are only expressing our views on the issue.

[Recio] Yes, but I want to forewarn our listeners that we are not predicting what is going to happen, but stating what we believe might or should happen.

[Sexto] However, I think, and this is my view as an observer and a Cuban citizen, that the law's definition of foreign investor, suggesting the possibility that an emigre might invest in Cuba, is attuned to the policy which our country is carrying out regarding the emigres, a policy of closeness, of definite normalization between the nation and its emigres. We have to keep that in mind. Exclusion would mean we are not consistent with that policy.

I believe we should dedicate the final minutes to do a general review of the law. What are its goals? What are its main principles?

[Garcia] I believe the goal is to attract capital, technology, and open opportunities for enterprises and people experienced in marketing, people of interest and importance for the country. This law is an important step which brings our laws up to date in a very important sphere for our country: foreign investments. This is something practically no country can afford to dismiss nowadays. It brings our positions up to date, it gives more guarantees and incentives to potential foreign investors. I believe that in this sense, this law the ANPP is discussing today marks a phase, an important moment in the life of the Revolution. I am convinced that whatever decision is reached regarding particular points of the law, it will have very broad impact both domestically and on Cuba's image abroad.

[Recio] I believe we have to reiterate that we must make a distinction between principle and thesis. In other words, in this country foreign investments were rejected for many years. This was, as a matter of fact, one of the banners of the Revolution, the rescue of our resources from the clutch of foreign companies. However, we have to differentiate between the principle and the thesis. The principle is unalterable, our country continues to be independent, continues upholding the principle of political independence. However, circumstances are forcing us to modify the thesis. In this case, those who we saw as enemies, and in fact were such, we now have to see as partners cooperating in the development of our country. That is the thesis, it can be modified to meet the times in the dialectic game of life.

[Garcia] Cuba is making an opening which is now strengthened by this law, that is clear. However, that opening is not just any opening. It is an opening which is not, nor can it be, described as neoliberal, but rather seeks to restrain the neoliberal trend which is prevailing in the world and particularly in Latin America. That is a particularly clear trait of this law. On the other hand, the opening is not seeking to promote capitalism in Cuba. These are two clearly visible traits of this law.

[Sexto] Thank you both very much. That is all the time we have today.

Lobbyists To Protest U.S. Bill on Blockade

PA1209173895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 12 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] Ricardo Arias Calderon, vice president of the International Christian Democrat Organization, today called for the U.S. economic blockade of Cuba to be lifted. The Christian Democratic leader told the Panamanian press that Cubans have proved extraordinarily determined in the face of adversity and unshakable in their will to survive as a people.

Meanwhile, a number of groups of free Cuban immigrants announced in Washington that they will meet U.S. senators and other officials on 12 September to reject attempts to reinforce the blockade. The lobbyists explained that the Cuban-American Committee for Peace-Cuban Change, [Comite Cubano Americano por la Paz-Cambio Cubano], the Cuban-American Committee for Democracy [Comite Cubano-Americano por la Democracia], and the Cuban-American Alliance [La Alianza Cubano-Americana] have decided to unite in their efforts to fight the Helms-Burton bill as they believe it is not in the interests of the United States or Cuba. These Cuban immigrant groups hope that William Clinton's administration and Congress will reconsider and abandon this absurd government policy.

Delegate to Women's Conference Assesses Situation

PA0909201195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 9 Sep 95

[From the "NTV Newscast"]

[FBIS Translated Text] Speaking during the 4th World Women's Conference, Vilma Espin, head of the Cuban delegation, today criticized the neoliberal policies that curtail human rights and development opportunities, and

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cause many of the injustices that women are subjected to in the world.

Espin, who is also president of the FMC [Cuban Women Federation], said that under these circumstances women are the first to lose their jobs and the most discriminated among the poor, even in developed countries. She applauded the United Nations for declaring the present decade as the women's decade. She assessed the Cuban women's achievements during the revolution in the fields of education, public health, as well as the Cuban women's social, economic, and political participation. As for the controversial subject of reproductive health, Espin explained her country's decision to endorse the Cairo agreements, which support women making decisions on themselves, their bodies, and the number of children they want to bear.

In Huairou, meanwhile, the Nongovernmental Organizations Women's Forum asked the world conference delegates to demand that their governments comply with the agreements reached during the meeting.

Official Interviewed on 2d Emigrants Conference

PA0909143795 Havana PRENSA LATINA in Spanish 0639 GMT 8 Sep 95

[Interview with Jose Cabanas, head of the Directorate for the Affairs of Cubans Residing Abroad, by Elson Concepcion Perez; place and date of interview not given — "exclusively" for PRENSA LATINA from Cuban newspaper GRANMA]

[FBIS Translated Text] The second "The Nation and the Emigrants" conference will be held at the Convention Palace between 3 and 6 November, 1995. Jose Cabanas, head of the directorate for the affairs of Cubans residing abroad, answered questions posed by this reporter.

[Concepcion] What are the main antecedents of these conferences?

[Cabanas] The main antecedent is the so-called dialogue of 1978. This was the first meeting between the Cuban Government and a group of emigrants. It took place at a time when it seemed possible for a rapprochement between the United States and Cuba.

Later, the relations changed drastically, thus, part of the things that had been considered could not be developed. Then came the 12 years of a Republican administration, a period in which the rapprochement was totally impossible.

Sixteen years have elapsed since the initial dialogue. The emigrants have matured. They are, in all aspects, much more diverse, including their political stances. That is to say, conditions are totally different to the ones that existed in previous years. All this led to the conclusion that there were possibilities of retaking those ideas with other perspectives.

Other existent conditions are the changes that have taken place in the world and the changes that occur within Cuba.

[Concepcion] What has been accomplished since the first conference?

[Cabanas] The main accomplishment is to have reinitiated and promoted this process of dialogue between the emigrants and their country. The contacts between the emigrants and our representatives abroad and our institutes in the country progressively increasing. The closeness with their relatives in Cuba would have occurred if the U.S. Administration would not have issued the August 1994 measures.

[Concepcion] Does this happen with the emigrants who are in the United States, too?

[Cabanas] Yes. However, we do not have enough personnel or offices to attend this volume of emigrants in that country. The United states has most of the Cuban emigrants and we only have one consulate in the country.

Going back to your previous question, I must state that out of the set of measures issued by the Cuban Government in the first conference and subsequently, several were met immediately and others have taken more time.

During this time, conferences on Afro-Cuban roots and emigration and culture and national identity were held and a group of young emigrants participated in the Cuba Lives festival. A meeting with businessmen is scheduled to be held shortly. In the future, we want the people who live abroad to associate and participate in our country's scheduled yearly program.

Our missions abroad have furthered a consultation process at individual meetings with the emigrants. We have received their comments on the program, the topics, and other opinions related to the second conference.

[Concepcion] How many people are expected to participate in the conference in November?

[Cabanas] More than in the previous conference. Last time, 221 emigrants, who live in 30 countries, participated. This time more people from more countries should come. The edge is that there was a first conference and there are many people, especially from countries that were not represented last time and people who

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come from the same community, who want to come this time.

[Concepcion] Is there a limit to the participation?

[Cabanas] No. There is no limit except that it has to be kept at an advisable number to effectively further an event that has the purpose of exchanging information. It should not be an extremely massive event.

The limit is established when we make the call because the people invited are going to be those willing to hold a respectful dialogue with the country. A dialogue in which Cuba's sovereign interests, national identity, and independence are defended. They will be invited on a personal basis. We know that people who belong to organizations will come. We do not ask anyone to resign from their organizations to come.

Persons who are members of a hostile group or organization, such as the Democratic Platform or the Cuban-American National Foundation, are the only ones to be excluded because those are projects that really want to destroy the revolution.

[Concepcion] How has this extremist mafia reacted to the summoning to a new conference?

[Cabanas] The summoning coincided with other things that had already triggered a certain amount of hysteria in those groups. They are still under the effects of what happened during the first conference where, among other things, large groups of emigrants revealed their willingness to talk. These are the groups that the extreme right have been trying to manipulate and, especially, from whom they have tried to get contributions for their political, and not so political, careers.

The migratory agreements between Cuba and the United States have also plunged the counterrevolutionary machinery into a crisis.

Those organizations unleashed a wave of terror against the people who came to the first conference and we do not doubt that they will try something similar this time. However, what is interesting to note is that the people who came have not given in to the pressures of the terrorist groups. Everyone has defended his right to come to Cuba and state his views here.

[Concepcion] During the first conference Robaina stated: "...We have to advance with confidence and without opening new wounds, ...And, if we talk about having a dialogue it is not for only one person to speak." Has there really been a dialogue? Is mutual trust between the government and the emigrants noticeable?

[Cabanas] The dialogue has broadened. We can no longer view the situation as Cuba is here and the presence of an emigrant is something foreign. Quite the contrary. Increasingly, there is a greater exchange on the most diverse topics, ranging from commercial and economic interests to social, consular, and other problems. The exchange has progressively become smoother since the "ice was broken" at the first conference.

It is not only a dialogue between the Cuban Government and the emigrants. It is much broader because it also takes place with nongovernment organizations, such as the UNEAC [National Union of Cuban Writers and Artists.]

However, there is something that is even more important and that should be known by our people. First, that this policy can only be developed because Cuba is able to remain firm, to uphold its system, its social order. It is not a policy developed on the basis of concessions of any kind. This policy is primarily based on the fact that 11 million Cubans are resisting the special period conditions in this country.

The current Cuban emigration, mainly triggered by family-related economic reasons, is not a political emigration, as was the case at the beginning of the revolution. Nevertheless, for some of us, the fact that this or that person emigrates at a given time, does have a political charge within the country. This is logical reasoning, it expands, and has validity in many cases.

There are people who live abroad not because they decided to do so after 36 years of revolution, but because either their parents decided to take them abroad when they did not have the political thought to decide for themselves, or because they were born abroad. We are also talking about a community that lives abroad because they were born there.

Currently, there are almost six million people who were born in Cuba after 1959. A considerable amount of the 1.4 million that live abroad were born in those countries. That is why the reasoning we could make about Cuban emigration in the 1960 is not the same as the one in 1978, or the one that currently exists. This has to be fully comprehended.

This policy is not addressed to all the emigrants. Since the first conference was summoned, it was clearly stated that there was a sector that would be left out of this policy because they had defined themselves as hostile, rightist people who organize flotillas to violate our territory and try to commit acts of terrorism. We have nothing to talk about with those people.

We can talk to people who have a position, even if it is a critical one, and they respectfully present their ideas to those who come here to view the results of our work.

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[Concepcion] Has the Cuban Government implemented the measures that allows those who left the country legally not to have to wait five years to return to Cuba, increased the period from six to 11 months for temporary departures, and granted permission to reside abroad, among others?

[Cabanas] The first two measures were implemented immediately. That is to say, those who leave Cuba legally, can travel to Cuba as soon as they have been granted residency in the country that took them in. Already, thousands of people have used this measure to travel to Cuba.

The measure of the limit to temporary stays abroad was equally implemented. Even people who were abroad when the measure was announced have been able to use it and stay up to 11 months abroad.

This time limit is considered to be prudent. Perhaps, the time limit could change or there could be no limit at another time, in the future. This all depends on how the situation in the country advances and on its relations with the emigrants.

In regards to the Foreign Residence Permit (PRE), whoever has it can travel freely to the country. Thousands of Cubans have benefited with this permit, that is to say, they no longer need to be authorized to enter the country. They can come to the country from anywhere in the world and use any airline to do so.

In anticipation of the second conference, we are studying those and other measures that could favor the migratory flow.

Our migration law, with due reason, is designed to be defensive, that is to say, to impede the entry of people who are our enemies to the country. However, this regulation has to be adapted to our current reality and the reality is that the group, which is hostile to the revolution, is increasingly smaller. At the same time, the people who at least do not attack the revolution increases. They are people who have relatives and interests here. It is well worth it to ease the migratory procedures for them if they maintain an attitude of respect toward their country of origin.

Thus, some things could change from now to the second conference or at the conference itself, or after the conference.

This is a policy which, although it has not been announced much, is very moderate and has been studied in depth. The policy comprises the points of view of the people, several institutions, investigation centers, and has scientific participation. All of this influences the assessments made at a government level.

There will be changes in this respect in the measure that the situations change and the situation in the country allows it.

[Concepcion] The first conference had already taken place when President Clinton announced the 20 August measures. How do those measures negatively affect the possibilities to further dialogue and rapprochement between Cubans?

[Cabanas] Those measures, basically, have been promoted by rightist Cuban-American sectors. They are the same people who do business with the counterrevolution and even with the emigration. They were the ones that induced the U.S. Government to make those decisions.

I do not know how far they will go to try to stop the regular migratory flow. However, those measures have imposed a climate of terror among the people who come from the United States to Cuba. There are even people who, upon returning to the United States, have been threatened or visited by people who inquire about how they traveled to Cuba.

That is to say, they have imposed a climate of terror on the people who, in the end, have continued traveling. They come to see their relatives, their parents, their children, and there are even people who have no relatives in Cuba but want to be abreast on what is happening in the country from the cultural, scientific, religious, commercial point of view... [sentence as received]

La Lisa Municipality Hosts 'National Defense Day'

PA1209035695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 11 Sep 95

[Report by Jorge Serrano and Marta Moreno in La Lisa; from the "NTV" newscast — passages in italics recorded]

[FBIS Translated Text] [Serrano] Defense Day was celebrated throughout the country today. The national ceremony was held at La Lisa Municipality with the participation of Division General Ulises Rosales del Toro and Esteban Lazo, first party secretary in the capital.

[Moreno] Approximately 50,000 CDR [Committee for the Defense of the Revolution] members in La Lisa Municipality participated in the National Defense Day today. The community was chosen as site of the ceremony given its results in the CDR and combat readiness.

The day started in an original way — a public hearing in Zone 73 of La Lisa Municipality. Residents of this

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district had the opportunity to exchange views with national and local leaders on the way to render defense readiness days more effective and pleasant.

A lively dialogue was held regarding this issue and it was stated everyone must work united in the community, and a program must be prepared to encourage the population.

[Unidentified woman]*Good defense activities were carried out on defense day, both at national and municipal level, but I have noted that the part dealing with production and defense, meaning the production and defense brigade, has declined. Let us try to improve this because the brigade includes young people, too.*

[Unidentified man]*That is the result of poor planning. If there is a defense day that includes your defense zone, your brigade must have an activity. If it has been summoned it must have an activity. In other words, this proves we must continue to work and improve defense days.*

[Moreno] A rally was held later on with a large contingent of CDR members and students. On that occasion, the 28 September Banner was given to Zone 6, San Agustin jurisdiction, La Lisa Municipality, the Claudio Arguelles Glass Factory, and the Blas Roca Contingent.

[Unidentified man]*What La Lisa has just proved with the mobilization and activities it carried out throughout this period — they are ending a phase — shows we are improving the efficiency of activities dealing with defense.*

[Union of Young Communists Coordinator Juan Contino]*Defense tasks have a prominent role in the CDR's work. The committees' name clearly says it — they are for the defense of the revolution — and the concept of our defense is all the people's participation, all the people's war. Precisely the CDR have very important tasks to fulfill.*

Public Hearing Held on Combat Readiness

FL1109000995 Havana Radio Reloj Network in Spanish 1930 GMT 10 Sep 95

[FBIS Translated Text] A public hearing has held in La Lisa Municipality, Havana, as part of the activities marking National Defense Day of the Committees for the Defense of the Revolution [CDR]. In the hearing, the people expressed to Division General Ulises Rosales del Toro their concern with the reduction in the number of Revolutionary Armed Forces soldiers. Rosales del Toro explained that every piece of weaponry has a soldier assigned to it in case of combat and this status, he added, will never be relinquished. Rosales del Toro added that combat equipment is in top condition and that the weapons the population would need are in stock.

Likewise, CDR National Coordinator Juan Contino congratulated the members of Zone #73 in La Lisa, and urged other defense zones nationwide to copy their example in the fulfillment of duties.

General Rosales Confirms Force Reductions

PA1209184095 Havana Radio Rebelde Network in Spanish 1155 GMT 11 Sep 95

[From the "Doing Radio" newscast]

[FBIS Translated Text] This year's National Defense Day was devoted to the 35th anniversary of the Committees for the Defense of the Revolution [CDR]. The main event was held in Havana's (Clarisa) municipality. Division General Ulises Rosales del Toro; Hector Fernandez, provincial defense committee president and Cuban Communist Party first secretary in the capital; and Juan Urbino, CDR coordinator, answered questions at a Zone 73 rally that combatants followed up with a march. We now wish to share with our listeners some of the questions and answers aired at the defense rally. Gen. Rosales answered the questions of Zone 73 CDR members:

[Begin Rosales recording] I want to address three main concerns that have been raised. The first and, I think, easiest to address is over the Armed Forces degenerating during this special era of peace. I must report that more than 1 million militiamen have joined the Armed Forces since 1980, when the country's political leadership and our commander in chief introduced the all-arms-to-the-people concept. A provision had been made whereby previous concepts could be revised if necessary. We have been working carefully from this point. You remember that we were in great danger when Reagan and Bush headed the U.S. Government. We gradually reduced the number of men in the Armed Forces, reductions that were not made public. The all-arms-to-the-people concept [words indistinct]. We had to reduce the numbers in the Armed Forces in light of the socialist bloc's collapse and the oncoming era of peace: We had to do so out of respect for this concept and in an effort not only to eliminate anything that was extraneous but also to cut back on anything that could be cut back without diminishing our fighting capability. Our Armed Forces and our leaders are fully authorized to determine what can best be preserved in peacetime. We wish to reassure you by telling you that not a single cannon or rifle will remain unmanned if it becomes necessary to fight. [applause]

The people are the most important asset that we have preserved and will always preserve. We have made great

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efforts throughout this special era of peace to maintain our arms and ensure that they remain ready for combat. This has been one of the revolution's strategic tasks. We have succeeded through our people's efforts, under the Party's leadership and with the cooperation of all sectors. This guarantees that the people will have the weapons that they need, which is most important to us. The people will not recoil: The people will remain committed to the revolution. [end recording]

Ciego de Avila Province Hosts Military Exercise

PA1209175595 Havana Radio Rebelde Network in Spanish 1700 GMT 11 Sep 95

[Report by Fernando Sanchez; from the "National Radio News" newscast]

[FBIS Translated Text] Division General Jesus Bermudez Cutino, military chief of the Revolutionary Armed Forces [FAR] Ministry's Intelligence Directorate, has said that Watchman '95 — the special military exercises held in Ciego de Avila Province 9-10 September — proved that, despite there being limited resources, much can be done to prepare for the country's defense when activities are well organized. He recognized the great deal of preparation that regular combatants and reservists from the Interior Ministry, the Youth Labor Army, and the Territorial Troops Militia had made. Watchman '95 was held throughout Ciego de Avila over a two-day period and included some 300 activities, such as aircraft landings at important military targets and sea and land reconnaissance missions. Activities scheduled for 10 September fell on the traditionally celebrated National Defense Day — dedicated this year to the 35th Committees for the Defense of the Revolution anniversary — and included defense activities, collecting raw materials, and cleaning up streets.

Vice President Continues Visit to Mexico

Meets Mexican President

PA1309024495 Havana PRENSA LATINA in Spanish 0300 GMT 12 Sep 95

[Article by Julio Fumero]

[FBIS Translated Text] Mexico City, 11 Sep (PL) — Cuban Vice President Carlos Lage Davila appeared satisfied with the results of his endeavors in the first few days of an official visit to Mexico, which included a visit with Mexican President Ernesto Zedillo.

The meetings held with Zedillo and Foreign Secretary Jose Angel Gurria were excellent, there was sufficient time to explain our current situation and the measures we are adopting, Lage said to PRENSA LATINA.

Lage added that they reviewed all bilateral issues, the current state of their relations — mainly economic and trade relations — and discussed some international issues, such upcoming meetings as the Iberian American Summit, UN General Assembly, and Non Aligned Nations.

Regarding a proposal Mexico will promote in the United Nations in favor of declaring a moratorium on nuclear tests until the signing of a definitive ban, Lage mentioned areas in which the position of the two nations are in agreement.

We are opposed not only to nuclear testing, but to the possession and use of nuclear weapons, and we should work together toward their elimination, Lage stated.

Mexico also proposed an international conference on the struggle against drug trafficking and the creation of a Latin American regional organization for that purpose, regarding which I expressed our will to aid in that effort, Lage added.

In a visit to Mexican Petroleum (PEMEX), the vice president said that he and PEMEX Director General Adrian Lajous analyzed the possibilities for trade, which Lage defined as one of the most important issues.

Lage pointed out that Cuban purchases from Mexican Petroleum in the first semester of 1995 exceeded $150 million, which represent growth compared to previous stages, and that the working relations between the PEMEX and Havana trading companies are good.

In general, Lage affirmed that relation between Mexico and Cuba are excellent and that they will continue so, and will develop even more in the future.

The secretary of the Executive Committee of the Council of Ministers ended the day with a ministerial conference in the Foreign Ministry building entitled "Cuban Economic Changes."

Before a well-informed audience which was eager to receive first hand information, Lage summarized the reasons why Cuba faced an extremely serious situation early in the 1990's, following the disappearance of the Socialist bloc and the Soviet Union.

Lage explained the reasons why after the United States strengthened its blockade and its political encirclement activities, the Cuban Government decided to retain its Socialist system, face the challenge imposed by the situation, and never renounce its most cherished conquests.

We are defending not only ideas, but also a material and moral work of genuine accomplishments achieved as a result of our political and socio-economic system,

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whose greatest expression is reflected in the health and education sectors, Lage said.

Lage explained that the first step consisted in creating the conditions needed to resist and avoid the collapse of the national economy. The second step was to adapt the economy to the prevailing needs of the international economy, by adopting measures which in two years (starting in July, 1993) have produced benefits of great significance.

Lage preferred not to talk yet about a recovery, because that would have to be confirmed by Cuba's main product — sugar. Lage affirmed that better results were expected in the upcoming November to April harvest.

Addresses Reporters at Los Pinos

PA1309035395 Mexico City XEW Television Network in Spanish 0430 GMT 12 Sep 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican President Zedillo received Carlos Lage, vice president of the Council of State and secretary of the executive committee of the Council of Ministers of Cuba, at Los Pinos today. Asked about the opening to foreign investment, which is in accord to the democratic opening in his country, the Cuban minister said it was not fair to associate plural-party system with democracy. He said each country had a right to establish its own political system and Cuba, he added, has its own democratic system.

[Begin Lage recording] We have a country without drug traffic, organized crime, political murders, tortures. All those are incontestable realities of the revolution. [end recording]

Mr. Lage denied that casinos are going to be installed in Cuba with the new Foreign Investment Law. He said they will use all the forums and hemispheric mechanisms to get the unfair U.S. blockade against Cuba to end. Regarding the Helms-Burton bill, the Cuban official said it is a project which, if approved, will not vary Mexico's relations with and policy on Cuba.

Mexican Foreign Secretary Jose Angel Gurria, Cuban Deputy Foreign Minister Fernando Remirez, and Cuban Ambassador to Mexico Abelardo Cuberlo also attended the meeting with President Zedillo.

Interviewed on Bilateral Ties

PA1009225895 Havana PRENSA LATINA in Spanish 2323 GMT 9 Sep 95

[Article by Miguel Lozano]

[FBIS Translated Text] Mexico City, 9 Sep (PL) — Cuban Deputy Foreign Minister Fernando Remirez said here today that the Mexican Foreign Secretariat and Cuban Foreign Ministry have confirmed that they are maintaining a high level of agreement on international topics.

At the end of a regular exchange of opinions between the two institutions, Remirez, in an interview with PRENSA LATINA, expressed his satisfaction with the results of the talks held with Mexican officials, headed by Foreign Under Secretary Sergio Gonzalez.

Remirez stressed that on this occasion, his country has again received Mexico's support to obtain, for the fourth consecutive year, a UN condemnation of the U.S. blockade against the island.

Remirez said the two sides reviewed the main priority topics for future international events, as they have been doing each year alternately in Mexico and Havana.

As for the topics of the UN General Assembly, they also addressed the planned reorganization of the Security Council and UN reforms and found a high level of agreement in their positions.

In the regional framework, they analyzed the future of the recently created Association of Caribbean States and confirmed that they have similar positions on the importance of Latin American integration as a means for economic development.

During his stay here, Remirez also met with Foreign Secretary Jose Angel Gurria, with whom he analyzed bilateral topics and the outlook for cooperation. Within this context, Cuban Vice President Carlos Lage will be paying a visit to Mexico next week.

Remirez said that during Lage's visit and others scheduled by the two countries, topics dealing with economic cooperation, including possible Mexican investments in the island, will be discussed.

The Cuban deputy foreign minister ruled out the notion that Mexico's entry into NAFTA with the United States and Canada has created an obstacle to ties with Cuba. On the contrary, he said, Mexico's position of maintaining all types of relations has been reaffirmed.

Remirez stressed that during his talks here, he confirmed the two governments' desire to develop and strengthen their ties, in keeping with their traditional bilateral relations.

Turkish Official Comments on 'Productive' Visit

PA0909180895 Havana PRENSA LATINA in Spanish 2142 GMT 8 Sep 95

[FBIS Translated Text] Havana, 8 Sep (PL) — Kamer Genc, Turkish Great National Assembly president, today praised the level of the meetings he held with local

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legislators and state authorities during his visit, which started on 3 September.

Minutes before he boarded the plane that would take him back to Turkey, the politician said he was very thankful for the attention he received and assured that he has "a very good opinion on the Cuban Parliament and its possibilities of solving the countries' problems, particularly the foreign investment problem."

We believe that our stay was very productive, and we expect a reply to the invitation we extended to the members of the island's legislative branch to visit Turkey, Genc added.

The Turkish delegation, which five deputies from the Right Track, Fatherland, and Well-Being Parties also formed, attended the fifth period of sessions of the fourth National Assembly (Cuban Parliament) legislature.

In addition, the delegation visited socioeconomic and scientific institutions and met with authorities from the Central Committee of the Communist Party of Cuba, the foreign relations ministry, and the tourism ministry.

Former Prime Minister, Canadian Businessmen Visit

PA1009155995 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Sep 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Former Canadian prime minister Pierre Trudeau and executives of 16 large Canadian firms, who are in Cuba on visit, attended a reception hosted by the Canadian Embassy in Havana. The reception was also attended by Cuban Vice President Carlos Lage and Ricardo Alarcon, president of the National Assembly of the People's Power. The Canadian visitors represent companies in the pharmaceutical, biotechnological, mining, communications, tourism, engineering, and legal services fields.

Trudeau said that Canadian enterprises, which are subsidiaries of U.S. firms, should trade with Cuba instead of heeding the restrictions established in the U.S. embargo against the island.

Next Monday, Lage will make an official visit to Mexico, where he will be received by President Ernesto Zedillo and local businessmen. According to a Mexican foreign secretariat communique, the visit corresponds to both governments' interest in improving the friendship between the two countries, an interest revealed by their fruitful and broad cooperation at all levels.

Haiti

U.S. Republicans Concerned Over Human Rights

PA1209201295 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] Senator Bob Dole has warned that Republican senators are ready to take action and vote in favor of legislation that would cut U.S. financial aid to Haiti if the human rights situation does not improve. [passage omitted]

Stanley Schrager, spokesman for the U.S. Embassy in Port-au-Prince, has commented on the Republicans' repeated threats to U.S. aid to Haiti, saying that he recognizes the influence that certain Republicans — particularly, Senator Dole — wield over U.S. foreign policy. Schrager says that although he has noticed certain human rights abuses since President Aristide's return to power, the human rights situation in Haiti is better now than it was following the coup d'etat. [passage omitted]

The general coordinator of the International Civilian Mission in Haiti [MICIVIH] agrees with the U.S. Embassy spokesman. Colin Granderson said on 11 September that Republican concerns over the human rights situation in Haiti are not inspired by OAS/MICIVIH reports. [passage omitted]

Granderson said that the MICIVIH noted a marked improvement in its recent assessment of the human rights situation in Haiti, even mentioning government efforts to improve the judicial and penal systems. Systematic violations that became standard practice among government agents following the coup d'etat are no more. Granderson also commented on the report on democracy and human rights in Haiti and the MICIVIH's work dated 29 June and signed by UN Secretary General Butrus Butrus-Ghali. He said that although the international community is satisfied, it has the right to hope that efforts to ensure that the fundamental rights of all Haitian citizens are respected will continue.

Police Official Warns Against Election Disorders

PA1209205095 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Supporters of two candidates in Belle-Anse are tempting fate. Supporters of Maxo Balthazar, the National Cooperative Action Movement's candidate for deputy, disrupted a campaign meeting for

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Jean-Carlo Sanon of the Lavalas Political Platform in Figuier, Belle-Anse. Witnesses report that the peaceful meeting was interrupted when a musical band of candidate Balthazar's supporters infiltrated the crowd. Balthazar walked through the streets of Belle-Anse that afternoon with a machete, shouting violent threats at Lavalas coalition supporters. The situation almost took a turn for the worse when angry people tried to lynch him. Balthazar's supporters later formed the Thunderstorm's Hoof [Zago Loray] organization and took up residence in Belle-Anse square overnight. A close friend of candidate Sanon was attacked, suffering head injuries. The Thunderstorm's Hoof group threatens to sabotage everything if it does not win the 17 September elections. UN Mission in Haiti [UNMIH] officers arrived in Belle-Anse on 8 September to secure the city, which interim police officers had originally secured.

Lieutenant Jean-Lyonel Trecil, spokesman for the interim police in Port-au-Prince, guarantees that the second round of elections will unfold calmly. Trecil warns all who would plan to disrupt the elections that the interim police force will not hesitate to (?arrest) any individual whose behavior is deemed prejudicial to the electoral process. The Haitian people want elections, he said, adding that the force's main mission is to guaranteee security wherever it proves necessary:

[Begin recording, in Creole] [Trecil, in progress]...given that it is the interim police force's duty to take measures to guarantee safe elections. The interim police force will make every effort. It has already begun work to ensure that the second round of elections unfolds as smoothly as the first, despite the few flaws that were noted in some areas. The interim police force is making every effort to ensure that the elections run smoothly.

[Correspondent] Will you take new measures?

[Trecil] We will report on the measures that we plan to take at the appropriate time.

[Correspondent] Can you reveal any of these?

[Trecil] Definitely not. We would rather wait until we are closer to the elections, so that we can report all the measures.

[Correspondent] There will be no disorder?

[Trecil] We want, and will do all we can, to prevent disorder. [end recording]

Jamaica

Patterson To Meet With Clinton on 13 Sep

FL1209235895 Bridgetown CANA in English 2232 GMT 12 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sep 12, CANA — Parity under the North American Free Trade Agreement will be high on the agenda, when Jamaican Prime Minister Percival Patterson meets US President Bill Clinton in Washington on Wednesday.

In a release from his office here, Patterson, who arrived in Washington Monday night, said NAFTA parity was of particular importance to the Caribbean Community.

The Jamaican prime minister said he will examine with Clinton Jamaica's current economic programme and social agenda.

Bi-lateral trade, investment promotion and co-operation between various agencies of the two countries to stem illicit narcotics trade will also be discussed.

The two leaders will review the progress towards a Free Trade Area of the Americas (FTAA).

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Cuba's Lage: New Law To Attract Investors From Mexico

PA1209165695 Mexico City NOTIMEX in Spanish 0036 GMT 12 Sep 95

[FBIS Translated Text] Mexico City, 11 Sep (NOTIMEX) — Carlos Lage, vice president of the Cuban Council of State, said today that the Foreign Investment Law will help Cuba's foreign currency reserves — which have reached the $2 billion mark in recent years — grow.

Lage told reporters after meeting President Ernesto Zedillo that Cuba's efforts to deregulate foreign investment will attract investors from more than 50 nations, including Mexico, Italy, and Canada.

The champion of that Caribbean nation's economic reforms, who is on an official three-day visit to Mexico, denied that Cuban officials have any problem with U.S. investments. "If Miami Cubans or U.S. companies do not invest in Cuba, it is because the United States will not let them invest," the Cuban official said. Lage figures that bilateral trade would increase to $6 billion if the blockade on Cuba was lifted.

Lage, who is also secretary of the Cuban Council of Ministers Executive Committee, said at the Los Pinos presidential residence that his meeting with Zedillo was "excellent and frank." Lage confirmed that economic and political issues were discussed, including $200 million in bilateral trade transactions recorded during the first semester of 1995. Lage said that Cuba ended 1994 with a 0.7 percent growth rate — the first since the USSR's demise in 1989 — and that a 2.0 percent growth rate was registered during the first two months of 1995. Lage explained that in Cuba "the financial imbalance and the government's budget deficit and subsidies to government-owned companies are being reduced. Meanwhile, tourism grew 20 percent."

The Cuban official stressed that his country is working toward democracy with one party only and asked that a multiparty system not be confused with democracy. "In general, we believe that the concept of democracy or freedom should not be associated with any scheme or preconceived idea, much less when it is elaborated in one nation to be imposed on another because each nation has the right to develop its own system," Lage remarked.

Lage, who was accompanied by First Vice Foreign Minister Fernando Remirez and Cuban Ambassador to Mexico Abelardo Curbelo Lage, confirmed that Cuba will demand that the embargo be lifted at the United Nations. "We believe that the United Nations is the proper forum for making our demands — we have done so at the three previous general assemblies — because the blockade is not only an economic but also a military and terrorist blockade that also exerts political pressure," Lage said.

Comments on Bilateral Issues

PA1209171395 Mexico City Radic Red in Spanish 0000 GMT 12 Sep 95

[Report by Victor Manuel Zuberza; from the "Night Monitor" newscast]

[FBIS Translated Text] Carlos Lage Davila, vice president of the Cuban Council of State, discussed bilateral issues with President Ernesto Zedillo today. Lage reported on the difficult times that the Cuban people are facing. He told reporters after the meeting that Cuba expects to receive the same treatment, support, and cooperation from Mexico that Mexico has always extended to Cuba. Lage also commented on reforms to Cuba's investment legislation which are opening the door so that foreign capital can flow into Cuba. Lage said that this foreign capital flow — nearly $2 billion — is mostly aimed at building the tourist infrastructure. Lage added that as a matter of principle, Cuba will never turn down the road to neoliberalism in its development efforts:

[Begin Lage's recording] The fundamental issue here is that an economic and social development project is in progress, one that has a clearly established objective and principles. Our project is flexible and practical and attempts to make the most of worldwide experience. While we want our economy to respond to global economic conditions, we want features specific to us not only as a Latin American nation and an underdeveloped country but also as a socialist state. [end recording]

Lage also indicated that the Cuban people know full well that privatization will not solve the country's economic problems, adding that political reforms have triumphed in Cuba since the revolution began and that now is the time to implement economic reforms. The Cuban official explained that Cuban democracy should not be confused with political plurality and denied that drug trafficking or political assassination takes place in Cuba.

These were some of the issues covered during the news conference in the Carranza Hall of the Los Pinos presidential palace following a private meeting between the Cuban official and President Ernesto Zedillo.

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Cuba's Trade Deficit With Mexico Increases

PA1309000695 Mexico City NOTIMEX in Spanish 1856 GMT 11 Sep 95

[FBIS Translated Text] Havana, 11 Sep (Notimex) — Preliminary figures released today show that Cuba's trade deficit with Mexico increased by nearly $98 million during the first quarter of the year due to a sudden rise in imports, mostly crude oil.

Carlos Fuentes, Mexican commercial attache in Havana announced that between January and March, Mexico had sold Cuba goods valued at approximately $100 million, and that in turn, Mexico had bought nearly $2 million worth of goods from the island.

"Mexican companies are beginning to view Cuba as its natural market" Fuentes pointed out to several state of Mexico businessmen who this Monday began a working visit to Cuba with the intention of exploring investment and trade opportunities.

The official cautioned that a trade imbalance in Mexico's favor still exists and that both nations are determined to reverse this trend. "In order to sell under optimum conditions, it is necessary to buy," according to Fuentes.

Based on the total value of goods exchanged, Mexico is Cuba's fourth commercial partner after Russia, Spain, and Canada. In addition, Mexico is also Cuba's main Latin American trade partner even though Cuban statistics are still incomplete.

According to official Mexican figures, the total value of Mexican goods exported to Cuba during the first quarter of the year amounts to 57 percent of the total sales made during 1994.

This irregular growth in such a short period is mostly due to an increase in crude oil sales to the island that totaled somewhere between 70 and 80 percent of total Cuban imports during the January to March period, according to industrial sources.

Trade balance with Cuba favors Mexico in a traditional manner and during the last three years has shown favorable balances of $109 million in 1992, $181 million in 1993, and $162 million in 1994.

During 1994, Mexican sales to Cuba amounted to $173.742 million while imports totaled $11.716 million according to Mexican statistics.

By turning to debt "swap" mechanisms, the island has practically been able to cancel a $310 million commercial debt with Mexico of which, according to the National Bank of Cuba, only an "insignificant" amount still remains pending.

The debt was swapped in exchange for shares by Mexico's DSC syndicate in the Tuxpan Hotel located at the Varadero beach resort, Mexican Cement (Cemex) in a plant located at the port of Mariel, and the Domos Group Cuba's joint telecommunications company.

EZLN, Government Reach Agreement on Chiapas Conflict

PA1209230595 Mexico City LA JORNADA in Spanish 11 Sep 95

[Report by Jose Gil Olmos and Elio Henriquez — received via Internet]

[FBIS Translated Text] San Andres Larrainzar, 11 Sep — After six days of negotiations and over 20 documents exchanged in the past few hours, the Zapatist National Liberation Army [EZLN] and the federal government secured for the first time Monday [11 September] morning an important agreement for solving the Chiapas conflict, with the installation of an Indian rights table on 1 October. The formal work will begin on the 17th of this month in San Andres Larrainzar.

Locked up since 1100 in the morning until the early hours of today, the members of the National Mediation Commission (Conai) and Harmony and Peace Commission (Cocopa) announced that agreements can be reached between both delegations in the Chiapas process to secure peace. Also, all the participants in the talks admitted that significant progress was achieved with the signing of the agreement on Harmony and Peace.

Deputy Roberto Fuentes Dominguez of the liaison commission reported at 0100 in the morning today that the installing of the table marks "the beginning of a new stage in building a just and dignified peace, going on to broach the problems that gave rise to the conflict."

Until this morning the parties were in the last phase before engaging in a plenary meeting to secure the final agreements.

Fuentes Dominguez said that for all those who participated in the dialogue, the results obtained are satisfactory. He expressed his appreciation to all those who cooperated in the development of the negotiations. "After the efforts carried out at previous meetings, this sixth meeting has achieved great progress," he stated.

Meanwhile, it was learned that at midnight the majority of the problems on rules of procedures had been resolved, while the points of detente will be resolved as negotiations progress in the working tables.

Also, national topics were left pending, because the idea is to first resolve the local conflicts that gave rise to the armed confrontation.

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In this manner, the only agreement announced up to this hour consists of the date and place for installing the first working table to broach the topic of Indian rights and culture in October.

Just as we were closing this edition, the final draft had not been discussed in the plenary meeting, and it is expected that it will occur this morning.

For the first time since the beginning of the dialogue on 9 April in San Miguel, Ocosingo, the EZLN and government delegates have secured agreements and consensus.

The intensity of the talks caused the liaison commission of the Conai and Cocopa not to give any reports to the media, who were waiting since very early. Yesterday, the possibility had been announced that a package of agreements might be signed at noon after the topic of rules of procedures for the dialogue had been overcome. This work began with the installation of the tables in which the problems that gave rise to the confrontation were broached.

The work was interrupted in the afternoon, when a group of 30 youths met with the EZLN delegation and issued a joint appeal for participation in the National youth consultation to be held on 13 September.

Enveloped by the fog and the light rain that fell on San Andres de Larrainzar on Sunday, hundreds of Indians, visibly exhausted, applauded Ofelia Medina's harangue of "Zapata lives, the struggle continues," which was chanted before the EZLN delegation headed by Commanders Tacho and David, who recognized the results of the National Consultation for Peace and Democracy, that avoided the breakup of the negotiations in San Andres Larrainzar.

In what has been the lengthiest talks since the first meeting in San Andres Larrainzar — held from 22 to 24 April — the parties and the Conai and Cocopa engaged in arduous negotiations and are about to sign this Monday historic agreements that will achieve peace.

The new method of working groups — which although they are not plenary groups are represented by members of the government and rebel delegations, as well as the Conai and Cocopa — permitting progress at the meeting. A new mechanism was agreed upon, permitting reaching a consensus on diverse points before taking them to the plenary meeting.

This mechanism has also reduced confrontations between the parties because the working groups have been in charge of the discussions.

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Guatemala

Army Detachment To Protect Peten Border Area

PA1309042395 Guatemala City PRENSA LIBRE in Spanish 12 Sept 95 p 3

[FBIS Translated Text] Defense Minister Mario Rene Enriquez decided yesterday to station a military detachment in the village of Los Olivos, Dolores, Peten Department with the idea of preventing new incursions by the Belizean Army into the country, Guillermo Caal Davila, chief of the Army's Information and Press Department (DIDE), announced.

Caal Davila, said the Armed Forces confirmed that Belizean troops burned the fields of Guatemalan peasants and that Belizean helicopters violated Guatemalan airspace. He said that in stationing the military detachment, the minister's plan is to protect the personal safety of Guatemalans and to ensure that their rights and crops are protected. The Army is prepared to assist the population at any time although there is total harmony between the two armed forces, he added.

Caal Davila noted that the duties the said detachment will perform include assisting peasants and preventing the entry of Belizean soldiers. According to Caal Davila, up until yesterday, there had been no clashes between the two forces; and he ruled out the possibility that the Belizean invasion of Guatemalan lands could lead to an armed conflict, as Vice President Arturo Herbruger Asturias has foreseen. This problem must be resolved at the diplomatic level, through the Foreing Ministry, Caal Davila noted.

Lawyer Manuel Barquin Duran, mayor of La Libertad Municipality and president of the Peten Mayors Association, stated yesterday that Foreign Ministry officials must meet with Belizean authorities to reach an agreement on the borders in order to avoid a future armed conflict. The Foreign Ministry must shoulder this responsibility, by making use of the international limits, so that we can agree on the border line based on legal aspects, he stated.

The Attorney General and Public Prosecutor's Office has scheduled an inspection to the Dolores area to confirm the charge of an incursion by Belizean troops inside Guatemala reported by local residents. District Prosecutor Hugo Rolando Lopez made that statement, adding that if the report is accurate, action based on the law will be taken to stop the trespassing into national territory.

Colonel Raul Aurelio Lopez Alfaro, second commander of the 23d Military Brigade, which is stationed in Santa Elena and is responsible for protecting the 35,854 square kilometers of Peten territory, told PRENSA LIBRE correspondent Carlos Absalon Gonzalez Galvez that in addition to the installation of a detachment, army helicopters are patrolling the border with Belize. He added that Guatemalan officers made contact with Belizean officers on 30 August, near Ciquibul River and discussed the territorial limit, because the English subjects said their limits reached Los Olivos.

The Guatemalan officers extended a map and corroborated it. Their map does not coincide with the Belizeans' map, which is why the case was brought to the Foreign Ministry for consideration, Lopez Alfaro stated.

He explained that on 4 September, a meeting between officers of the two countries was held to clarify the delineation matter and avoid these kinds of incidents. Representatives of the two armies agreed to meet on 30 September in San Ignacio, El Cayo District, to further discuss the topic of the boundaries.

He hopes this meeting is satisfactory, added the military commander who explained that when the Guatemalan Army arrived at the site, it confirmed the trespassing into national territory and set up a detachment and air patrols in the zone.

Foreign Minister Alejandro Maldonado Aguirre said Guatemala has lodged its strongest protest before the Belizean Government over the invasions of our national territory in Peten and advised Belizeans to act in a prudent manner to prevent more serious incidents. He said the Guatemalan Government views with grave concern the actions by the Belizean military, especially since the two nations are involved in a territorial dispute.

The official explained that the government will not accept any pressure to expedite a solution to the territorial dispute, and that progress will continue to be made at a pace that best suits the country.

Maldonado Aguirre announced that in a few days, he will summon Miguel Mena, Belizean charge d'affaires in Guatemala, to his office at the National Palace to apprise him of the country's position on the matter. We will also discuss with him the threats Belizean soldiers allegedly made to Guatemalan peasants, with the hope that we can settle the conflict through dialogue, he noted.

Commenting on the remarks by Vice President Herbruger Asturias, who warned about the possibility of a clash, Maldonado Aguirre said he cannot disavow them but explained that the process must continue. He did not say if the vice president's remarks may be construed as the official position.

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Official: Belizean Border Affair 'Worrisome'

PA1209142395 Guatemala City Televisiete Television in Spanish 1900 GMT 11 Sep 95

[From the "Notisiete" newscast]

[FBIS Translated Text] Vice President Arturo Herbruger Asturias has harshly censored the Belizean military and warned that if raids on the northern Peten Department continue, Guatemala could use force to protect national territory from invasion. The vice president believes that Guatemala should no longer allow the Belizean militia to continue violating national sovereignty and did not rule out an armed conflict between the two countries. The latest report from Peten indicates that Belizean soldiers entered Monte de los Olivos hamlet, Dolores Municipality, setting a hut on fire and threatening to burn the peasants' crops unless they abandoned the area. Presidency Secretary General Hector Luna Troccoli reported on the affair.

Foreign Minister Alejandro Maldonado Aguirre reported that the Army acted in a timely fashion and that, fortunately, the situation did not go further, even though it is being demanded that the Belizean authorities act with prudence in this abnormal situation. Maldonado explained that the Army acted immediately during the events of 25 August.

[Begin recording] [Maldonado] The situation has not gotten any worse. We hope that through consistent dialogue incidents that could harm the harmony that should exist between two neighbors can be avoided.

[Correspondent] [Words indistinct]

[Maldonado] This is a truly worrisome situation. Clearly, neither country can demarcate the border unless there is an agreement between the two parties. As far as we are concerned, there are no delimited borders; therefore, we believe that any nearing of security forces to those places is reason for concern and should be avoided. In line with international practices, we will request that the Belizean Government use maximum prudence to avoid possible incidents. [end recording]

Minister: Incident With Belize 'Unimportant'

PA1309044095 Guatemala City Televisiete Television in Spanish 1900 GMT 12 Sep 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Defense Minister General Mario Rene Enriquez has described an incident with several Belizean officers as unimportant, especially since the two governments maintain very good relations.

[Begin Enriquez recording] The incident is not big enough to justify the adoption of a position such as the one that certain persons want. It is not significant. There are, of course, grounds to file a complaint, but not one that is more important than the diplomatic efforts we have maintained, because the magnitude of the provocation is minimal. Do you understand? We have confirmed this. [end recording]

Enriquez said that relations with the Belizean Army are good, and added that meetings are held regularly to prevent friction at border areas:

[Begin Enriquez recording] When I tell you that this type of relationship exists, it is because there is a program of meetings — and I have mentioned this — involving even Belizean and British authorities at Military Zone No. 23 and at the Atlantic Naval Base in Military Zone No. 6. Sometimes these three commando units, or rather the commanders of those places, along with the chief of staff or deputy chief of staff, travel to Belize to hold talks with its authorities.

As I have said, the goal is to keep friction in that area at bay as long as our territorial conflict with Belize remains unsettled. This is why I say that we maintain relations with the authorities, and we have asked them repeatedly to try to prevent any friction. We want to prevent friction from hindering the diplomatic effort.

This is the reality. I have never met with any Belizean authority. I have met with the British ambassador here, and we have at times touched upon this issue. The commanders of the various border commando units, however, have talked to authorities of that country. [end recording]

Silence Surrounding President's Mexican Trip Noted

PA1209144495 Mexico City XEW Television Network in Spanish 0430 GMT 12 Sep 95

[From "The News" newscast]

[FBIS Translated Text] Press Attache Ricardo Molina has confirmed that Guatemalan President Ramiro de Leon Carpio returned to Guatemala on the morning of 11 September following a three-day visit to Mexico. Molina denied that de Leon Carpio met any of the neighboring country's authorities, reporting that the president was merely on a private holiday with his wife. Reporters have been unable to confirm where the Guatemalan president stayed due to the official silence surrounding the visit. President de Leon Carpio did not hold the news conference that he offered to hold this morning and did not attend today's scheduled government events.

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Nicaragua

Leal on Colombia's Attempts To Cut Off Territory

PA1309042495 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 12 Sep 95

[Report by Claudia Elena Sirias; from the "National Newscast"]

[FBIS Translated Text] Nicaragua's Foreign Minister Engineer Ernesto Leal said today that the talks with Colombia will include the border issue and Colombia's attempts to cut off more than 130,000 square km from Nicaragua's continental shelf. Claudia Elena Sirias gives us more information:

For the first time in history, Nicaragua will initiate talks with Colombia at the end of this month in New York to discuss the border issue as agreed by President Violeta de Chamorro with Colombian President Ernesto Samper.

Foreign Minister Ernesto Leal said the following:

[Begin Leal recording, in progress] President Samper and the Colombian foreign minister underscored that talks with Nicaragua will deal with trade, tourism, and border issues. That is to say that the topics for discussion are very precise for that meeting. [end recording]

Although the announced talks have created disputes in Colombia, here in Managua the foreign minister clearly denounced that Colombia seeks to cut off more than 130,000 square km from Nicaragua's territory.

[Begin Leal recording, in progress] ...it involves more than San Andres, Providencia, and Catarina. It refers to Colombia's attempts to cut off our continental shelf and our exclusive economic area to an extent equal to or larger than our national territory: more than 130,000 square km. That is what it seeks to cut off. [end recording]

Members of the National Assembly's Foreign Relations Commission who met with Foreign Ministry officials supported Nicaragua's position for the New York meeting.

Deputy Alfredo Cesar, president of the National Assembly's Foreign Relations Commission, said the following:

[Begin Cesar recording] The Foreign Relations Commissions supports this policy. [end recording]

In addition, the deputies approved the establishment of an Office of Territorial Affairs at the Foreign Ministry. This office will give continuity to the foreign policy initiated by this government independently from the political parties in power.

Four CSE Employees Kidnapped in Northern Wiwili

PA1309021795 Managua Canal Cuatro Television in Spanish 0400 GMT 12 Sep 95

[From the "Extravision" newscast]

[FBIS Translated Text] Four employees of the Supreme Electoral Council [CSE] were kidnapped in Wiwili today at noon by armed individuals known as El Charro and El Lobo.

CSE President Mariano Fiallos Oyanguren said the following:

[Begin Fiallos Oyanguren recording] Four CSE employees and one coordinator were kidnapped in La Marrana in northern Wiwili. They were involved in processing identification cards to prepare for the 1996 elections. We are very concerned because first of all, the employees' lives are at stake. Of five individuals, only four were kidnapped because coordinator Mr. (Aradue) was released to bring the message. El Lobo and El Charro are the kidnappers. They ask for a commission made up of CIAV-OAS [International Commission of Support and Verification-OAS] and human rights to settle matters.

The CSE has already contacted the Army, General Cuadra, the government minister, Mr. Caramana from CIAV-OAS. In addition, (?I met with) Celedon, the CSE representative in Matagalpa, who has contacted representatives of the Army, Police, and the Governor's Office. We are trying to contact Monsignor Vilchez, who is the bishop of Jinotega, to help us rescue these CSE employees, whose families are in Wiwili. [end recording]

The names of those kidnapped are: Dennis Herrera Gutierrez, Ernesto Herrera Gonzalez, Ramon Olivera, Roberto Flores, and Erasmo Arauz Jarquin. The latter has already been released.

[Begin Fiallos Oyanguren recording] I take the opportunity given by "Extravision," to urge the kidnappers and all honest people who can help release these four CSE employees. Actions of this sort can only hurt the normal development of the elections, which are so important, because they were working precisely as CSE employees in northern Wiwili in a very difficult area and [word indistinct]. [end recording]

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New Cosep Board Reportedly To Seek $400 Million

PA1209021695 Managua BARRICADA in Spanish 9 Sep 95 p 6

[Report by Xavier Rayo Valle]

[FBIS Translated Text] Higher Council of Private Enterprise (Cosep) directors confirmed yesterday BARRICADA's report that Cosep is seeking $400 million to reactivate all its chambers as soon as possible.

Gerardo Salinas, after becoming Cosep president, said that in view of the serious problems facing associations, it is "essential to acquire a fund, a start-up capital for economic changes."

Even though Salinas did not mention the amount of this fund or start-up capital, we had previously learned that it will take $400 million to restructure, refinance private initiative debts.

The new Cosep president said that they will seek aid from UN programs, donor countries, and international organizations, to support that type of strategy.

According to Salinas, he intends to put across the fact that funds will be handled in a safe and open way by private enterprise, in addition, he will propose changing the Nicaraguan Financial Investment Fund [Financiera Nicaraguense de Inversiones] so it will no longer be a second-tier bank.

"Productive activities suffer serious deterioration due to the lack of credit and high levels of debt which limits competitiveness abroad," he said. Even though he only mentioned the farming and livestock sector in the search of that fund, it is understood to include the other chambers.

Alberto Chamorro, president of the Nicaraguan Chamber of Industries, confirmed that this year's priority will be the search of fresh resources for all productive activities in order to work with efficiency.

Chamorro stated that "it is feasible to find those resources abroad, both in multilateral organizations as well as in friendly countries, which have funds for that type of programs, and everything will depend on knowing how to and where to knock on the door."

When celebrating businessman's day and during the swearing-in of the new Cosep board of directors, there was a turnout never seen before, who voiced their concern over the crises of various associations due to the economic situation.

Politicians such as Arnoldo Aleman of the PLC [Liberal Constitutionalist Party] and [Antonio] Tono Lacayo of Pronal [National Project], went unnoticed, but awaited furtively, greeting their association colleagues, until their unconditional followers interviewed them.

In the religious invocation, Cardinal Miguel Obando y Bravo referred to as "work that dignifies" businessmen's efforts to generate investments that creates jobs, but called on them to be fair to their employees.

Obando y Bravo alluded to the Labor Code, which the National Assembly took four years to approve, and said that there should be a balanced labor legislation able to guarantee social peace and common good.

The prelate requested a blessing for "good businessmen so they make fair decisions for the poor Nicaraguan people and that they practice social justice" while also contributing to development.

Alberto Chamorro, when receiving the entrepreneurs, pointed out that the world trend is that ideological differences between nations end and what is needed are measures to attract capital that generates investment and promote investment.

He stressed that Nicaragua exists in a unique moment in which all political, economic, and association forces should cast aside sectarian interests in order to attract capital and generate work, which is what entrepreneurs are ready for.

Panama

Report on Perez Balladares' Visit to Japan

PA1309021995 Panama City Telemetro Television Network in Spanish 1730 GMT 12 Sep 95

[Report by Alfredo Molina in Japan; from the "Telemetro Reports" newscast —passages in italics recorded]

[FBIS Translated Text] Time never stops here in Japan. President Ernesto Perez Balladares' official visit today acquires new meaning — it is a challenge, particularly because it involves getting investors to sponsor employment in Panama. The key to success mainly depends on factors that help create confidence among the new investors. Let us see what happens here in Tokyo, Japan.

The Panamanian president's main challenge was to explain to the Japanese shipping sector how the canal will be managed and operated by the Panamanian in 2000. Likewise, he apprised the Japanese about the meeting he held with President Bill Clinton.

The Japanese were invited to participate in the Universal Congress on the Canal, scheduled for September 1997, which should result in important contributions from the international community regarding an efficient,

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prompt, and responsible handling of the waterway by Panamanians.

The most important part of the meeting was the direct way in which the president urged Japanese investors not to waste the opportunity to develop reverted areas, fully assuring them that the Panamanians will be able to manage the canal with efficiency and responsibility for the international community's benefit.

Regarding another sector of the national economy, Ricardo Arias, executive director of Pro-Panama Group, stated his optimism over the plan to turn Panama into an international maritime center.

[Arias]*We have received... [pauses] all the arguments we have used have been positively received and all the visits we have made have been very, very positive.*

During President Perez Balladares' meeting with Prime Minister Tomiichi Murayama to assess bilateral relations — since Japan will be the canal's main user — interesting topics were discussed, including the alternatives to the Panama Canal.

Referring to this issue, Presidential Adviser Eduardo Ritter viewed the importance that the Japanese give to the inter-ocean water's transition. He ruled out a conflict of interests with the United States.

[Ritter]*I do not think there will be a conflict of interests. Quite the contrary, I believe there is a concurrence of interests. There is a concurrence of interests because the canal will revert to Panama; and the United States, Japan, and Panama want Panama to have the capability to manage it — but Panama should also enjoy an economic and political stability because this is the best guarantee for an efficient management of the canal.*

In addition, Ritter mentioned Panama's interest in drafting a law to guarantee that traffic of ships through the canal will not be interrupted due to labor problems. Panama's initiative was viewed positively.

Concurrently, Panamanian Planning Minister Guillermo Chapman highlighted the advances made, together with the Japanese International Cooperation Agency, in the sectors of technical assistance, bank loans, and private investment.

[Chapman]*No one lends money to or makes investments in a country if minimal conditions are not met. To give loans, for example, the conditions include an assessment of the fiscal situation, the government's repayment capacity, if we have an ongoing agreement with the IMF, and other such conditions. In the investment area, the conditions entail: to verify our laws on foreign bids, the existent guarantees for foreign investments, and our labor laws and tax system. They are not imposing such conditions. They are only furthering investigations on those issues. They will invest in Panama if the conditions are acceptable to them. If not, they will not invest.*

The executive president of (Jetro), the Japanese foreign trade organization, acknowledged that Panama is modernizing and updating itself to participate in the new international area. The Panamanian Government has expended efforts at all fronts in Japan. Successful Panamanian businessmen are making efforts to promote Japanese investments and, to do so, show the reformulation of our economic policies, geared reduce the serious unemployment problem.

To effectively attain the [words indistinct] it is necessary that we understand the cultural and social norms of the citizens of the empire of the raising sun. Traditional and modern life blend and each generation is searching for its own destiny, challenging the present, and making the future a reality of this solid economy, which is based on political stability, legal security, incentives to investments, and, especially, a disciplined labor force that knows that time is money.

The Panamanian delegation has invested hours of extenuating work in Japan to consolidate new investments that will generate more jobs. Tomorrow is another day, of new concepts and new experiences.

Economist Views Usefulness of U.S. Bases

PA1309031195 Panama City EL PANAMA AMERICA in Spanish 12 Sep 95 p 6A

[Article by Andres Achong Paz, economist and university professor: "The Military Bases Do Not Serve the Canal"]

[FBIS Translated Text] The conversations between the president of the Republic of Panama and his U.S. counterpart on a possible permanence of some military bases have apparently unleashed the national debate regarding what is known as the "reversion" of the Panama Canal. For the time being principally politicians and persons interested for different reasons take part in the discussion. Nevertheless, given that this matter concerns every Panamanian, it is necessary to make certain points clear to allow our community to make up their minds on this controversial issue.

The Panama Canal is part of the 10-mile wide geographical area located in the center of the Isthmus of Panama. That geographical space was called for many years the "Canal Zone." In all treaties signed between Panama and the United States, these concepts have been used, even in the 1977 Treaty, when a schedule for the return of the geographical areas and installations was established along with the transfer of jurisdiction from the United

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States to the Republic of Panama. This was done under the idea of the gradual disappearance of the Canal Zone. Since 1979, we have witnessed the transfer of different properties (natural areas, land, school facilities, housing, military installations, etc.) and the last reversion of this process will be the Canal itself, viewed as the installations permitting the transit of ships from one ocean to the other.

The value of the Canal is less than the value of the area where it is located. In addition to the Canal, there are natural areas as well as military and civilian installations which do not have any relationship with the operation of the Canal. On the other hand, there is an area whose responsibility is to guarantee the preservation of natural conditions allowing the operation of the Canal. This geographical area is known as the "Canal Watershed," natural reserve for the continued utilization of Chagres River as the source supplying the water used in the locks system.

As can be observed, in this process of reversion and nationalization, there are things that cannot be changed. The Canal can be widened to improve its capacity. However, any decision involving keeping the locks system will entail the preservation of the current natural space and the incorporation of new areas to the Canal Watershed. Meanwhile, civilian and military installations that are not intended to operate the Canal, may be devoted to any civilian function.

In general terms, very few people are opposed to the transfer of the Canal to Panamanian jurisdiction, except the most radical neomonetarist [neomonetaristas] fanatics. The reason is simple, those who run the Canal will remain at the helm of these activities. Therefore, there are no reasons to renegotiate or negotiate this. There are no reasons either for opposing the transfer of those installations that may be rapidly used for civilian purposes. Here the difference lies in the fact the neomonetarists expect Taiwanese corporations will profit from these installations, while most of the population of the country do not have complete information on the characteristics of these installations and, therefore, lack proposals for their use.

Those who desire the continuation of the military occupation of Panama have not been able to demonstrate the use of these military bases for the functioning and defense of the waterway. That is why they present other arguments, like the geopolitical importance for the United States; its convenient use for the war against international drug trafficking; how beneficial the annual payment for its lease may be for the government, etc.

It is thus indisputable that the bases do not serve the Canal, but they only serve the United States.

Article Criticizes Base Permanence Negotiation

PA1309033495 Panama City LA PRENSA in Spanish 12 Sep 95 p 22A

[Article by lawyer Publio Ricardo Cortes C.: "No Bases"]

[FBIS Translated Text] I have always thought that the negotiation and signing of the Torrijos-Carter treaties were for the Torrijos dictatorship nothing more than the reason to justify an anti-democratic and populist system. Rather than saying that it was just another military government in Latin America, the propaganda of the local pseudo-left wing sold us its product: Ours is not any system; the Panamanian one is "a revolutionary and nationalist process."

Of course, this explained everything: No elections, political persecution, missing persons, and huge foreign debt; in sum, all these minor things were just hazards of the "great revolutionary occupation" that the military men and the intellectuals at their service gave us and that was actually shaping up under the leadership of the Great Steersman to guide our country to achievement of full sovereignty and redemption forever and ever. I never believed them and will never believe them: History has shown that their reasons were nothing more than excuses to justify power. They failed to show much innovation, they continued the tragic efforts of our country's traditional politicians, but with a different look.

Despite this, everyone knows that the treaties that Torrijos signed with the United States, regardless of what type of regime negotiated them, united us overwhelmingly around our great national issue: The Panama Canal and the process to decolonize our country. This is why I have always disagreed with the Torrijos treaties, because they wasted a historic opportunity to consolidate our independent state and make our sovereignty truly complete. While the Torrijos government toured the world to disseminate our cause, the United States silently drafted a treaty with wording that protected its interests with surgical precision. Result: The senatorial neocolonialism that the late [Foreign Minister] Dr. Julio E. Linares referred to, that is: A withdrawal of bases and reversion of the canal in the year 2000 (which was a great step forward), but in exchange for the submission of our country to a modern version of protectorate through the Neutrality Treaty, specifically through the part containing amendments, reservations, and understandings that the U.S. Senate introduced and Omar Torrijos accepted.

I have always disagreed with the treaties due to the unnecessary and antinational capitulation of the military government with regard to the Neutrality Treaty. The

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goal of the negotiations was always to consolidate our independence by eradicating direct U.S. meddling in our affairs, at least according to written documents. Torrijos, however, preferred to place the country "under the Pentagon umbrella." That was his choice, not mine.

Recent developments indicate that Foreign Minister Lewis Galindo and Mr. President have managed to get the government to start talks with the United States on the possible permanence of military bases in our country. That is, the Panamanian government is voluntarily exploring the possibility of dumping into the wastebasket part of the little that was achieved in 1977. This time around the defenders of the servile project claim realpolitik [preceding word published in English] reasons based mostly on economic issues: If bases stay under a new contract, they tell us, this many dollars will flow in and that many jobs will be retained.

This new assault by antinational forces lacks any basis: First, distinguished Panamanian economists have explained to us that reasonable use and good administration of reverted areas, through their commercial and industrial exploitation, could generate many more resources and jobs than those the bases currently generate. Moreover, the atavistic nature and enslavement historically displayed by U.S. military bases in our country and their direct insult on our condition as an independent state calls for a treatment of this issue that is different to the treatment that could be applied in other parts of the world in where the United States maintains bases. It is as simple as saying that the bases here, regardless of how many dollars they generate, will continue to depict us in the eyes of the world as an immature people who are voluntarily under a trusteeship and without the ability to decide their own fate.

It would be a historic disgrace for our people to support the permanence of military bases in Panama after the great student and patriotic struggles and after the 1989 military invasion severely wounded our nationality.

The treaties signed in 1977 were not the ideal goal of the generational struggle that our full sovereignty requires, but it is the only thing that we have left at this time. To yield and allow bases to stay constitutes nothing more than a treacherous proposal that will be serenely but firmly condemned by authentic Panamanian nationalism that still exists despite the contempt that a majority have for the study of our history.

Column Suggests Review of Banking Legislation

PA1209014195 Panama City EL PANAMA AMERICA in Spanish 11 Sep 95 p 1A

[From the "Panama's Pulse" column]

[FBIS Translated Text]**Banks:**Reiterated statements show that the government could review banking legislation. Two objectives are sought: One is supported by members of the financial sector itself, and another, is suggested by the U.S. antidrug authorities. The first, seeks to make the law flexible, and the second, seeks to turn members of the financial sector into antidrug agents. **Capital:**As it is already known, nothing is as timid as money. Just ask the Mexicans and Venezuelans who are currently bogged down in a dreadful crisis, after local and foreign capitals fled at the first sign of trouble. Thus, far more ability needs to be demonstrated than what was shown in the case of the Free Zone and the labor reforms. **Transparency:**This is more necessary now that our banking center overflows with solidness. Ironically, its best letter of presentation is having overcome the 1988 crisis, something unparalleled in banking history. But neither this is reason to play with fire. This time we need to act with transparency with the sector's full participation.

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Argentina

Spain's Aznar Meets With President Menem

PY1209185295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1908 GMT 9 Sep 95

[FBIS Translated Text] Buenos Aires, 9 Sep (NA) — Jose Maria Aznar, leader of Spain's Popular Party, met today with President Carlos Menem and assured him that Spain has "total confidence" in Argentina and its economic policy. He said: "The strengthening of trade among Mercosur [Common Market of the South] countries is a gigantic step for the region."

The Spanish leader also considers that within a short time there will be a free trade zone between the member countries of Mercosur and the member countries of the EU.

Aznar stated that Spanish businessmen and political leaders have "total and absolute" confidence in Argentina and President Carlos Menem.

Aznar made these remarks after an "intense and advantageous" working breakfast with Menem at the Olivos Residence. During the 90-minute breakfast they evaluated topics related to Mercosur and analyzed the Spanish and Argentine political situations.

After his meeting with the president, the Spanish leader departed for San Vicente, Buenos Aires Province, to lunch with Governor Eduardo Duhalde at the Don Tomas country house, which is owned by the governor.

The presidential candidate for the Popular Party and the main opponent of the administration of Felipe Gonzalez answered questions for 20 minutes in the Audience Room of the Olivos Residence posed by 20 journalists, most of them from the Spanish media, who were there to cover the meeting with Menem.

He highlighted "his friendly ties" with the Argentine chief of state and "the success that has been achieved with the privatization process, a process in which Spanish companies were the largest investors" in Argentina.

He reiterated that one of the objectives of his visit to Argentina, which will also include seminars in Chile, Uruguay, Paraguay, and Brazil, is that of "strengthening political, economic, and cultural ties between the two countries, which are also united by common roots."

Asked if Spanish companies expressed concern regarding the charge about mafias leveled by Economy Minister Domingo Cavallo, Aznar said: "The situation is one of full confidence."

Aznar said: "I will not evaluate this topic because it does not fall within my competence, but I reiterate the total and absolute confidence in Argentina's present and future and in President Menem."

Regarding Mercosur's legal security, the Spanish leader said: "This is just beginning. There are international courts that decide on this type of problem, so surely an organization will be created to guarantee the security of all parties involved."

He labeled "enterprising" the posters which read "Welcome President Aznar" with which Buenos Aires was papered, adding that they "will serve for his next visit."

Government Reiterates Rejection of Malvinas Oil Bid

PY1209133495 Buenos Aires TELAM in Spanish 2020 GMT 8 Sep 95

[FBIS Translated Text] Buenos Aires, 8 Sep (TELAM) — Argentina today reiterated its rejection of the unilateral British decision to call an international bid to explore and exploit oil around the Malvinas Island, anticipating that a protest will be lodged at all international forums.

Foreign Minister Guido Di Tella said: "The British are moving ahead alone with their unilateral proposal to call a bid to explore for oil in the area. They are sending letters to potentially interested entrepreneurs and today we are protesting."

During a meeting with foreign correspondents in Buenos Aires, Di Tella admitted that negotiations between Argentina and the United Kingdom on oil exploitation in the Malvinas area "are not going well and the outcome is doubtful."

The foreign minister emphasized that the British government has taken a "hard" position on the matter, but reiterated that Argentina will insist with its claim at all international forums.

Di Tella admitted that the protests at international forums, "even though important, are only like background music because negotiations at the United Nations are unlikely to convince the British Parliament."

Di Tella said the Argentine Congress is analyzing a bill to prevent companies that participate in the bid from operating in Argentina.

The foreign minister said that Argentina has started talks with the inhabitants of the islands while continuing its diplomatic initiatives on sovereignty.

Di Tella said that two Kelpers visited Argentina, "which is a step toward creating an appropriate climate, not of trust but of dialogue, which Argentina considers very important."

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Di Tella explained that the Argentine policy to "seduce" Great Britain over the Malvinas Island followed a British Parliament decision "which repeats that it will not make any decision contrary to the will of the islanders."

Government, UK Sign Agreement on Biotechnology

PY1209193795 Buenos Aires TELAM in Spanish 2106 GMT 8 Sep 95

[FBIS Translated Text] Buenos Aires, 8 Sep (TELAM) — Argentina and Great Britain today signed an agreement to implement the UN Program for the Environment (Pnuma) on biotechnological security rules and regulations that has yet to be approved internationally.

The agreement was signed this afternoon in the Gray Room of the Agriculture, Livestock, and Fisheries Secretariat by British Environment Minister John Gummer and Production and Markets Under Secretary Felix Cirio.

In a joint statement, the two officials stated: "We see with pleasure that Pnuma has recently taken the initiative to draft international technical directives regarding biotechnological security."

As these guidelines are already a part of a project, the two governments decided to implement them "bilaterally" and promised to "encourage other countries to adopt similar measures."

Consequently, "activities that involve new organisms (that have been created in a biotechnological form) in the two countries will be developed in accordance with general principles of evaluation and the control of risks as established" in the Pnuma project.

Argentina and Great Britain will "quickly" establish "voluntary mechanisms through which any transfer of new organisms from one country to another will be accompanied by information about its characteristics or behavior."

The agreement states: "In some cases a prior agreement can be a precondition established by the receiving country before making the transfer" in order to prevent major risks.

These rules and regulations will be implemented in October 1995, and at the beginning of 1996 a joint regional seminar will be held to exchange "experience and information" on biotechnology.

Bank of Nation President Resigns; Replacement Named

PY1209182995 Buenos Aires TELAM in Spanish 1647 GMT 12 Sep 95

[FBIS Translated Text] Buenos Aires — Aldo Dadone, outgoing Bank of the Nation president, today denied any responsibility for the irregularities that occurred while he was at the head of the institution, and based his resignation "on the need to cooperate with justice." Asked about his level of responsibility regarding the charges of irregularities, Dadone answered "None." He also denied the participation of members of his board of directors in those alleged crimes.

Roque Maccarone, the incoming Bank of the Nation president, today stressed that no more resignations of directors are foreseen.

"More resignations are not foreseen. We must now strengthen the institution and carry out the multiple tasks that the bank demands," Maccarone said immediately after he took over as president. The ceremony was presided over by Economy Minister Domingo Cavallo.

Brazil

Cardoso Meets With Main Spanish Opposition Leader

PY1209224795 Madrid EFE in Spanish 2216 GMT 11 Sep 95

[FBIS Translated Text] Brasilia, 11 Sep (EFE) — The negotiations over a free trade agreement between Mercosur [Common Market of the South] and the European Union (EU) was the main issue that Brazilian President Fernando Henrique Cardoso addressed today with Jose Maria Aznar, the President of the conservative Spanish Popular Party (PP, the largest opposition party).

Aznar, who is on a nine-day tour of five Latin American countries, met with Cardoso for 30 minutes today. He also met with Brazilian Foreign Minister Luiz Felipe Lampreia and Finance Minister Pedro Malan.

In his meetings with Brazilian officials, Aznar was informed that the Brazilian Government wants to consolidate the Mercosur (formed by Argentina, Brazil, Paraguay, and Uruguay) integration process in order to sign, before the end of 1995, a free trade agreement between Mercosur and the EU.

Negotiations over an economic supplementation and free trade agreement between the European and South American blocs, currently under way in Brussels, were authorized three months ago by the European Council.

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Cardoso, who this week will start a tour of Belgium and Germany, where he will meet with European Commission and European Parliament officials, will be the first Mercosur president to join such negotiations.

"The Brazilian president informed me that his government wants to consolidate the Mercosur integration process and to sign an agreement with the EU this year," Aznar said upon meeting with Cardoso.

The leader of the main Spanish opposition party said that the two main issues of his conversation with the Brazilian president were, in addition to the Mercosur intention to sign a free trade agreement with the EU, the promotion of cultural and commercial relations between Brazil and Spain.

"The main issue that we addressed was the issue that motivated my tour, which is to confirm the Mercosur countries' strong commitment to their integration process and their interest in negotiating with the EU," the Spanish politician said.

The PP president said the same issue was also addressed in his meetings with Argentine President Carlos Menem and Uruguayan President Julio Maria Sanguinetti, and that it will also be addressed during a meeting that he will hold with Paraguayan President Juan Carlos Wasmosy on 12 September.

"Concerning the expansion of cultural and commercial relations between Spain and Brazil, we identified several areas that the two countries are interested in," Aznar said.

Aznar added that Cardoso expressed his strong wish that Spanish entrepreneurs actively engage in the privatization process that the Brazilian Government is implementing.

Since his inauguration on 1 January, the Brazilian president has promoted a broad process of reforms aimed at giving international standing to the Brazilian economy, opening it to foreign capital. Privatization is among such reforms.

Over the next four years, the Brazilian government expects to obtain $21.4 billion from the privatization of the electrical and telecommunication enterprises, and of the giant Rio Doce Valley Company, Latin America's largest and the world's fifth-largest mining enterprise.

In his meeting with Lampreia, the Spanish politician was informed that, contrary to Argentina, where Spanish entrepreneurs have big businesses, there are few Spanish entrepreneurial investments in Brazil.

In this regard, Aznar conveyed to the Brazilian officials his interest in promoting the participation of Spanish enterprises in the Brazilian economy.

Concerning the promotion of Brazilian-Spanish cultural relations, Cardoso told the PP president that the Brazilian government is strongly interested in approving a law establishing compulsory Spanish courses in Brazilian elementary schools.

Aznar said Cardoso also wants Brazil to actively engage in the activities of the Ibero American television network.

The PP president, who in the evening met with Brazilian Congress President Jose Sarney, will end his visit on 12 September with a breakfast with Brazilian Vice President Marco Maciel — a major leader of the conservative Liberal Front Party (PFL).

The first visit that the conservative Spanish politician is paying to Brazil has become an important public event, especially in the eyes of PFL politicians, because of the proximity of the general elections in Spain and of the possibility for Aznar to be elected Spanish president, because of the deterioration of the socialist government's popularity.

The visit by the main Spanish opposition party leader to Brazil was limited to Brasilia and to meetings with federal officials. Therefore, and contrary to what he did in Chile, Argentina, and Uruguay, Aznar did not meet with the large Spanish colonies — especially of Galician origin — of cities like Rio de Janeiro, Sao Paulo, Santos, and Salvador, where PP executive boards are located.

Cardoso Urges Senate To Pass Patent Bill by 22 Sep

PY1309025295 Sao Paulo AGENCIA ESTADO in Portuguese 2349 GMT 12 Sep 95

[Report by Christiane Samarco]

[FBIS Translated Text] Brasilia, 12 Sep (AE) — President Fernando Henrique Cardoso would like to have the Senate approve the patent bill before 22 September. The message was conveyed today to the government leaders in Congress. Cardoso, who departs at 2130 [0030 GMT 13 September] for Brussels, hopes to make the announcement of the patent bill approval during his nine-day tour of Belgium and Germany.

Determined to include in his baggage the proposal that has been debated in Congress during the past three years, Cardoso was annoyed by reports that Senator Sergio Machado (PSDB-CE) [Brazilian Social Democracy Party-Ceara State] himself, the leader of his own party bloc in the Senate, has proposed amendments to the report drafted by Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte], who is the rapporteur of the bill. The administration has endorsed Bezerra's report.

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Accoring to a source who met with the president, Cardoso said: "Either Machado withdraws his proposed amendment, or he stops being the PSDB bloc leader."

"My party cannot do this to the president," Cardoso added, upon urging Presidential Secretary General Eduardo Jorge Caldas to persuade Machado to withdraw his amendment to pave the way for the approval of Bezerra's report. Machado's amendment allows parallel imports in case the owner of a patent with exclusive production and import rights cannot adequately supply the market.

The remote-controlled ear pulling is part of Planalto Palace's strategy "to make the PSDB comply" with its role as the president of the Republic's party. Since he decided to personally serve as the administration's political coordinator, President Cardoso has sent signals to his party that he expects the PSDB members to defend the administration's positions. Top PSDB leaders led by Communications Minister Sergio Motta have insisted on emphasizing that unity around the figure of the president is fundamental for improving the administration's elbow room in Congress. In the opinion of the PSDB leadership, the PSDB Senate bloc members continue to show a lack discipline.

In the absence of President Cardoso, Vice President Marco Maciel will serve as the political coordinator. Cardoso jokingly said: "I am going to travel, but Marco will be here to fire anyone who does anything foolish." In addition to the patent bill, which will be returned to the Chamber of Deputies on an urgency basis so that the deputies may examine the changes made by the Senators, Cardoso wants Congress to expedite approval of the bill granting compensation over and recognition of the deaths of those who were reported missing during the military regime. Planalto Palace made it clear, however, that it will not accept any amendments to this bill. If the Congress insists on introducing changes, Cardoso will veto them.

During their weekly meeting with the president, the three government leaders in Congress evaluated the agenda of the Chamber, the Senate, and of joint sessions. The extension of the Social Emergency Fund continues to be a priority topic for the administration. Accompanied by deputy leader Benito Gama (PFL-BA) [Liberal Front Party-Bahia], Deputy Luiz Carlos Santos (SP) [Sao Paulo], the government leader in the Chamber of Deputies, stated that the there are no risks concerning the FSE and that the duration of the extension will be decided when the issue comes up for negotiations. Despite opposition in Congress, the administration is firmly standing behind its proposal to extend it for four years. Santos jokingly said: "If we accepted a one-year extension, they would give us only a one-day extension."

President Cardoso's trip — which includes meetings with leaders of the European Commission — is designed to advertise Brazil's economic stability, the privatization process of its state-owned companies, and the approval of the franchising law to attract foreign investors. Cardoso's entourage will consist of Foreign Minister Luiz Felipe Lampreia, and of Social Security Minister Reinhold Stephanes. Finance Minister Pedro Malan, will not join the group until 14 September, will have to explain the administration;s decision to set up a car import quota policy which, for Europeans, contradicts the policy of economic opening. Cardoso is scheduled to return to Brazil on 22 September. This will be the 11th and longest tenure of Vice President Marco Maciel as acting president.

Cardoso Assures Nation on Benefits of European Tour

PY1309012695 Brasilia Radio Nacional da Amazonia Network in Portuguese 2140 GMT 12 Sep 95

[Address to the nation during his weekly "A Word From the President" series by Brazilian President Fernando Henrique Cardoso — recorded]

[FBIS Translated Text] I am going on a foreign tour tomorrow. I will be participating in several meetings — all of which will be significant for Brazil — in Belgium and Germany. Some people have asked why the president of the Republic is going abroad. I can understand the concern expressed by those people because there are so many problems we have not yet resolved right here in our country.

I know that each minute of my time is important, but Brazil cannot isolate itself from the rest of the world. Today, relations among countries are increasingly intensive. Our products are sold abroad and we are purchasing products made by friendly countries when these products are less expensive. Foreigners are opening factories here and we are hosting many tourists. All this entails more jobs and benefits for Brazilians.

People abroad are becoming increasingly aware of what is happening in Brazil. Until recently our image had not been too good. Brazil was not well regarded because of human rights violations, acts of violence against children and Indians, and so forth. Furthermore, we became notorious because we had the world's highest inflation rate. All that is changing now. You all know that. Foreigners are also starting to realize this.

When I travel abroad I take with me the image of a better Brazil, which we are building together. These

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are working, busy trips. I have the chance to talk about Brazil with many people, with businessmen, with Brazilians residing abroad, and I can show them what we are doing. All this brings benefits to our people. A country that is moving on the right track attracts attention, gains prestige. Do you know what the advantages are? More investments, more jobs, more wealth for all.

It is important for all of you to know that when I travel abroad I am not neglecting our domestic problems, but on the contrary I am creating new opportunities that will influence the life of each Brazilian. The president of the Republic visits other countries to defend the interests of Brazilians residing in those countries and to show to the world what we are doing here in Brazil.

Remote Sensoring Group Discusses Lack of Satellites

PY0609180195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Aug 95 p A13

[FBIS Translated Text] Brasilia — Brazil can at anytime do without information from space sources, unless new alternatives are created for compensating for the lack of satellites. This warning was issued on 29 August, during the opening session of the second National Meeting of the Associated Network of Remote Sensoring. The Landsat-5 should have been put out of service several years ago, but its operational life was extended because its replacement — the Landsat-6 — exploded during the launching operation. The launching into orbit of the Landsat-7 suffered countless delays, and was just now approved by the U.S. Government.

Brazil might resort to the Spot, a European satellite, but it is not the same thing. The Spot operates with more restrictions and it is also programmable. That is, while the Landsats automatically [a cada passagem] produce images, the Spot must receive an order, thus increasing operational costs. While the cost of a Landsat image is 800 reals, a Spot image costs approximately $5,000. "A survey we are making of San Francisco River lagoons calls for more than 200 pictures," says Ana Evaristo, of the Remote Sensoring Center (CSR) of the Brazilian Institute for Environmental Affairs and Renewable Natural Resources (Ibama). "If the pictures are supplied by the Spot, they will cost $1 million."

As of December, the Associated Network of Remote Sensoring will report the first results of the projects under implementation in the various regions of the country. The CSR, all related state organs, plus 17 institutions, the National Institute of Industrial Property, the National Land Reform and Settlement Institute, the Brazilian Institute of Geography and Statistics, Funceme [Ceara Foundation for Hydrology and Meteorology], Funais [expansion unknown], the Brazilian Agriculture and Livestock Research Enterprise, the Strategic Affairs Secretariat, the Brazilian Petroleum Corporation, etc., and six universities, are members of the Associated Network of Remote Sensoring. Yet nationwide conclusions will not be reported until July 1996. For example, in the southeastern region, the projects deal with farm production and the use of land.

Commentator Views PT, PDT Decision To Seal Pact

PY0609125895 Rio de Janeiro O GLOBO in Portuguese 1 Sep 95 p 2

[Commentary entitled "The PT-PDT Front," from the "Political Panorama" Column by Tereza Cruvinel]

[FBIS Translated Text] The PT [Workers Party] and the PDT [Democratic Labor Party] have finally signed a pact for joint action both inside and outside Congress. This pact can have electoral consequences as well. Preliminary talks between Lula [Luis Inacio Lula da Silva, PT founder and former president] and Brizola [former Rio de Janeiro governor and PDT president], and between Brizola and Jose Dirceu, who has replaced Lula at the PT Presidency, were complemented by talks held on 30 August between Dirceu and Miro Teixeira, PDT leader at the Chamber of Deputies. Brizola himself had suggested the meeting, because the PDT congressional operations are entirely handled by Teixeira.

He said: We suggested a pact with the government in an effort to find solutions to the increasingly more serious problems the country has been facing. Our suggestion, however, has not been heard. Therefore, we will establish an Opposition Parties Forum, a sort of joint action front here inside and outside Congress, Teixeira said.

The PT and the PDT plan to occupy organized social spaces, such as labor unions, associations, and federations — among others — in order to discuss today's serious problems, such as the situation of the landless farmers, the increasing level of unemployment, the signs of recession, and the difficulties the agricultural area has been facing. In Congress, the two parties will carry out fine-tuning. During a second stage, the talks will include other leftist parties such as the Brazilian Socialist Party, the Communist Party of Brazil, and the People's Socialist Party.

The issue is more carefully discussed at the PT, perhaps because the talks are being held by the party's board of directors. The board members confirm that the front is moving ahead and announced that a joint document will be drafted to orient the front's political action.

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A concrete example that the two parties are trying to overcome resentments and disagreements was given by the Rio de Janeiro Legislative Assembly. The PT leadership is trying to change the state legislative bloc, which decided to vote for rejection of the Brizola administration accounts because this might harm the new front's friendly relations.

Naturally, when the PT and the PDT allowed their relations to reach this stage, their leaders were not only thinking about improving the level of performance of the parties that oppose Fernando Henrique Cardoso's administration. They are mainly considering the upcoming electoral disputes: the 1996 municipal elections and the 1998 presidential elections. After Lula's and Brizola's successive defeats, the two parties admit that only stupidity could lead the left to again split for the 1998 elections. However, let's leave this issue for later.

Roundup of Economic Reports

PY0809125195

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 5 September.

Production

All the National Confederation of Industries indexes for the month of July indicate a reduction in the industrial activity for the month of June. The number of working hours dropped from 6.51 percent to 4.95 percent. For the third consecutive month, the employment level dropped, this time by 1.15 percent; and the total of salaries dropped by 2.57 percent for the second consecutive month. The use of the industrial installed capacity dropped from 78.1 percent in June to 77.8 percent in July, but remained higher than in July 1994, when it stood at 76.2 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1445 GMT 5 Sep 95)

Foreign Investment

ROK private groups Daewoo, Samsung, GoldStar, and Hyundai will probably invest $2 billion in two years in Brazil, Manuel Rodrigues, superintendent of the Manaus Free-Tax Zone — who returned from a seven-day visit to the ROK — has reported. Rodrigues said Samsung will manufacture refrigerators, gas stoves, and freezers, as well as parts for television sets. It will invest nearly $400 million and will report, still in September, in which state it plans to build its plants. Rodrigues confirmed that Hyundai will indeed manufacture cars in Brazil. He added that Daewoo, GoldStar, and Samsung plan to build plants in the Free-Tax Zone also. (Sao Paulo AGENCIA ESTADO in Portuguese 2017 GMT 4 Sep 95)

Exchange Balance

According to Central Bank report released on 1 September, investors and exporters brought into the country in August $5.3 billion more than the country sent abroad. As a result, the level of foreign reserves will increase and perhaps cause the domestic public debt (in certificates) to explode. The issuance of government certificate to neutralize the inflationary effect of this flood of foreign investment has been responsible for a R12 billion increase in the domestic debt in July. Most of the dollars have entered the country through the financial sector because enterprises are interested in attracting cheaper resources from abroad. The BC reported that the financial market has brought as much as $4 billion into the country. In the commercial market, where importers and exporters close their exchange contracts, the surplus totalled $1.3 billion. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Sep 95 p 11)

Inflation

The August inflation rate registered by Economic Research Institute Foundation, Fipe, stood at 1.43 percent. This drop has been the result of the grip established on credit and the huge agricultural crops. The prices that have gone up most were: rents (accumulated increase over the last 12 months totals 221.19 percent); personal services, which have increased an accumulated 40.41 percent; doctors' fees, which have increased by 43.93 percent; and school tuitions 56.89 percent. In August, however, they went up 2.25 percent, 3.39 percent, and 0.55 percent, respectively. (Sao Paulo AGENCIA ESTADO in Portuguese 2139 GMT 5 Sep 95)

Domestic Savings & Investment

By mid-September, the Itau Bank will open five offices in Argentina under the name Itau Argentina. All of the operations will be automatized and cost 25 percent less than the services rendered by the other Argentine banks. Before the end of 1997, Itau Argentina will have opened 35 offices in Argentina. (Sao Paulo GAZETA MERCANTIL in Portuguese 1 Sep 95 p A1)

Domestic Savings & Investment

Mines and Energy Minister Raimundo Brito reported in the week ending 1 September that President Fernando Henrique Cardoso authorized Brazilian Petroleum Corporation, Petrobras, to participate in the project for the construction of the Duque de Caxias Refinery, Reduc, of the ethane unit, which will use natural gas as a raw material. Petrobras can participate with as much as 30 percent of the investment, an estimated $400 million, while the private area will finance the rest. Thus, the

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Rio de Janeiro petrochemical center will become a reality and create 5,000 direct and indirect jobs during the construction stage. Brito said the project will result in jobs and wealth for the state. An overall $800 million will be invested in the project. The three following companies will participate in the project: Petroquimica da Bahia, Unipar [Unipar Petrochemical Industries Union], and the Suzano Paper and Cellulose Company. The Congress, however, will have to approve Petrobras' association with the private area because this association will result in the establishment of a new state—owned company. (Rio de Janeiro O GLOBO in Portuguese 2 Sep 95 p 27)

The Four-Year Investment Plan, Plano Plurianual de Investimentos — PPA, includes three mega-projects for the state of Rio de Janeiro: the construction of the Sepetiba Port and of the Teleporto, and a project contemplating the intensive use of natural gas extracted from the Campos Bay. These projects represent an overall investment of $4.6 billion. The federal government plans to achieve these through partnership with the state government and the private sector. The Sepetiba Port project will cost 300 million reals, R, and once it is finished, the federal administration hopes to attract private investment totaling some R1.5 billion for projects in the area next to the port. These investments will result in more than 50,000 jobs. The Teleporto project contemplates installation of special telecommunications infrastructure, to which the federal government will contribute through Rio de Janeiro Telecommunications, Telerj, and Brazilian Telecommunications Company, Embratel. The projects will cost an estimated R900 million and generate 35,000 jobs. The project that contemplates the use of intensive use of natural gas in the state will require a $700 million investment. (Rio de Janeiro O GLOBO in Portuguese 2 Sep 95 p 27)

Bank of Brazil President Paulo Cesar Ximenes reported on 5 September that the bank has obtained in the international market an equivalent of R118 million to invest in agriculture. According to Ximenes, R77 million more are being negotiated. Ximenes reported that in July and August the bank disbursed R600 million to finance the upcoming harvest, and R900 million for federal government acquisitions and federal government loans. He added that of the R600 million disbursed for the harvest work, contracts for R522 million have been signed for an overall total of 37,000 operations, most of them — 12,800 operations totaling R117 million — with Rio Grande do Sul farmers. (Sao Paulo AGENCIA ESTADO in Portuguese 2043 GMT 5 Sep 95)

Domestic Debt

According to the Brazilian Federation of Bank Associations, Febraban, individuals and corporations in Brazil now have twice as many debts as they did last year. In June 1994, these debts totalled $85 billion and this year they total $150 billion. The overall amount of debts that have become due and have not been paid for jumped from $5 billion to $10 billion in one year. The most surprising result of the research, however, is that individuals are owing much more than corporations. The research also shows that the debts of clients of the industrial area increased by 50 percent, jumping from $20 billion to $30 billion, while the debt of clients of the commercial area increased from $8 billion in June 1994 to $15 billion in December 1994, and to nearly $17 billion last August. The Febraban research was based on the balance sheet of a group of 52 of the 260 Brazilian banks. They represent 96 percent of the national financial market. (Sao Paulo AGENCIA ESTADO in Portuguese 1922 GMT 3 Sep 95)

It has been reported that private area debts to the Sao Paulo State Bank, Banespa, total $2,499,611,000. This represents almost 20 percent of Banespa's deficit. Among the largest debtors are Cotia Agricultural Cooperative, which owes the bank almost $442 million and will probably not pay for it because it is being dismantled. Second and third on the list come Sao Paulo Airline, Vasp, and the Paraquimica S.A. company. (Sao Paulo AGENCIA ESTADO in Portuguese 2235 GMT 5 Sep 95)

Employment

The Brazilian Institute of Geography and Statistics, IBGE, has reported that the July unemployment rate stood at 4.83 percent and was a little higher than June's, which stood at 4.59 percent. It was lower, however, than July 1994's when it stood at 5.45 percent. The June real average income of employed people increased by 23.3 percent, compared to the same month last year. This index is the result of studies conducted in the six metropolitan regions included in the IBGE monthly employment research. (Sao Paulo GAZETA MERCANTIL in Portuguese 30 Aug 95 p A3)

Pernambuco Governor Arraes Profiled

95SM0494A Rio de Janeiro MANCHETE in Portuguese 26 Aug 95 pp 78-79

[Interview with Pernambuco Governor Miguel Arraes de Alencar by Murilo Melo Filho: "'High Interest Rates Are Killing Agriculture and Industry'"; place and

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date not given; introductory paragraph in boldface as published; editorial comment indicated by italics]

[FBIS Translated Text] **This native of Araripe (Ceara), now 78 years of age, is governing Pernambuco for the third time. The first time was in 1960. That term was interrupted by the 1964 revolution, which arrested him and exiled him to Algeria. The second time was from 1986 to 1990, and the most recent—this term—began in 1994, when he was elected in the first round of balloting by an overwhelming majority. Miguel Arraes de Alencar has been mayor of Recife, and he was elected federal deputy with the largest proportional vote ever recorded by any candidate for the Chamber of Deputies (339,000 votes). Today he is a legend in Pernambuco. He is not a good speaker on the campaign trail, and he does not have any economic group behind him. But his prestige is absolute, and it is rising: a recent poll by Vox Populi/JORNAL DO BRASIL placed him third in terms of popularity (82 percent): he is surpassed only by Tasso Jereissati of Ceara in second place (84 percent) and Jaime Lerner of Parana in first place (86 percent).**

[Filho] How do you feel, being governor of Pernambuco for the third time?

[Arraes] I feel as though it were the first time. I am not discouraged despite the terrible problems I am facing, but I am optimistic and confident, as though I were arriving here for the first time. I said in the campaign that I was a candidate for governor because the state was in a difficult situation and that we would not run away from our responsibilities. If elected, we would confront them as well as we could. If I had thought about the risks I would run and am running during this third term, we might have just stayed home and taken it easy. We had previously been elected by the people of Pernambuco to be their governor twice and by the people of Recife to be their mayor once. I did not want to retire because I prefer to work until the last day of my life. And, if possible, to work alongside the people, to combat the difficulties they are experiencing.

[Filho] What are the chief problems you have encountered in governing?

[Arraes] The usual problems: recession, crisis in the millet area, and the lack of money.

The Pernambuco governor then discussed the problem with the shortage of water:

I am from the backland, a very dry place, and I learned even as a boy to appreciate water, which was carried from a long way off on the back of a donkey. That was the water we had in the house. And I know what a sacrifice it is when housewives and mothers do not have water for cooking, washing clothes, and bathing their children. The first thing needed for health is to provide water of good quality for the people to drink, because it is bad water that causes many diseases to appear.

Concerning the projects that he currently has under way, he mentioned the rehabilitation of hospitals and schools, the Forest Zone, the attraction of important undertakings such as the petroleum refinery, and road repairs:

We are making a big effort not only to plug the holes in the roads but also to plug holes everywhere in the various departments—holes that have been neglected and made worse in recent years. I am not saying this to attack or condemn anyone. I cannot complain about anyone—it is not by attacking others that we are going to rehabilitate Pernambuco. I know that the holes exist, and we are here to plug them.

[Filho] Has the federal government been cooperating with your state?

[Arraes] The federal government is still straightening out its own accounts and has not had time to look at social issues and the states. It is concerned about the inhabitants who are becoming impoverished here in the northeast. There must be measures and solutions. It also says that economic reforms are necessary. We will see what kind of re-engineering the president is proposing.

[Filho] What has your relationship with the president of the Republic been like?

[Arraes] I was the only gubernatorial candidate who did not support Senator Fernando Henrique's candidacy, and I did not receive any support from him in the last election. I have been his friend for many years—since the time of exile, when I met him in the countries where we were staying. We are friends and comrades, and we treat each other like people who respect each other. He has been receiving us with courtesy, and he is aware of our disagreements—regarding, for example, the privatization of the CHESF [Sao Francisco Hydroelectric Company]. We do not approve of privatizing the big government—owned firms that form the framework of the country's economy. We do not approve of the policy of high interest rates, which is killing agriculture and industry.

[Filho] What is your stand on the tax war among the states?

[Arraes] I consider it intolerable that two or more states should be competing for the same project, as is currently happening in connection with the Petrobras refinery. A group of businessmen interested in setting up an

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industry in a particular state are getting land, a free water supply, free earthmoving service, and tax incentives. The only thing missing is for them to ask the governor to obtain the release of financing from the BNDES [National Bank for Social and Economic Development]. This tax war is causing serious problems and turning governments into places for making deals. That is the case, for example, with Brasilia, where several firms have already moved to Goias, having been attracted there by the tax incentives offered.

[Filho] We know about the efforts to ensure the survival of your party, the PSB [Brazilian Socialist Party]. Do you feel that it will be possible?

[Arraes] Yes. The PSB is even growing. In the last election we did better than before, with two governors being elected—one here in Pernambuco and the other in Amapa—as well as more state and federal deputies.

[Filho] How do you analyze the current situation with Brazilian leftist groups?

[Arraes] They suffered a major election defeat last year. And they have not yet recovered. Hence the need for steps to ensure that they do not become remote from the reality of the Brazilian people. Previously, in the recent past, the opposition parties wanted to replace governments. No longer. Now they do not want to overthrow them; what they want is to offer alternative solutions so that we do not repeat our mistakes. They do not want disequilibrium.

[Filho] What stand should the leftist groups take with respect to President Fernando Henrique's administration?

[Arraes] The leftist groups disagree with many things that President Fernando Henrique is doing. They are demanding the reworking of strategies in order to prevent the exclusion of the majority of Brazilians, who have been kept out of the economic process. That is a defect of neo-liberalism, the model for which must be monitored to keep it from causing social chaos of greater seriousness. It may indeed have positive effects from the standpoint of financial stabilization, but it also has negative consequences such as recession and unemployment.

[Filho] Are you for or against reelection of the president, the governors, and the mayors?

[Arraes] Brazil does not have a tradition of reelections. Even the military governments were replaced periodically, not reelected. They stepped down and handed power over to their successors because they were in no position to stay very long, the reason being their loss of support. It is always better to consult the people. I want elections always. It does not matter when. The people must be consulted as much as possible.

[Filho] What is your opinion of the Real Plan?

[Arraes] There is still no way to tell which way it is going. So far, it has merely managed the economy and has not had time to intervene in more important questions. I am not disputing the stabilization of the currency, since we all want a stable currency. But you cannot manage the national financial system—under pressure from the foreign and domestic banks—as the prisoner of loans made in the days of the dictatorship. Currency stabilization cannot be a plan in itself. For it to be complete, measures dealing with production, labor, and social problems are necessary. For the first time in Brazil, we are seeing a situation in which not only the farmers and itinerant farmworkers, but also the ranchers and landowners, are dissatisfied and protesting.

Chile

President Signs Declaration with Mexico's Zedillo

Frei Voices Support for NAFTA Talks

PY1209222295 Santiago EL MERCURIO in Spanish 9 Sep 95 p A1

[Report by special correspondent Maria Jose Errazuriz L. in Mexico]

[FBIS Translated Excerpt] Yesterday, Chilean President Eduardo Frei and Mexican President Ernesto Zedillo signed an explicit declaration removing the doubts some Chileans had expressed regarding the Mexican Government's true support to Chile in its negotiations to join NAFTA.

The mentioned declaration represents a new step in strengthening bilateral relations. In the declaration the two governments point out that Chile's entry into NAFTA, should by no means represent a setback in the commercial relationship established since the signing of the cooperation agreement in 1991.

According to Chilean Foreign Minister Jose Miguel Insulza the joint document notes the great consensus of the two countries regarding national and international matters.

In addition to this declaration, Chile and Mexico signed three cooperation agreements in the environmental field and for the training of diplomats.

Insulza, who said that the declaration would not be fully published due to its length — 61 points — noted, among some of the subjects, the support granted by Mexico in the talks under way and asserted that it removes the

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doubts some Chileans had. Insulza said: "I think this is what people wanted."

Insulza said that the Mexican Government has transferred experience and organizational structure in addition to largely agreeing with most aspects of the negotiation process.

In mentioning the fact that neither of the two countries want Chile's entry into NAFTA to represent a setback in the progress made in the commercial field, Insuiza asserted: "This was very important and was not quite clear."

The declaration contains Mexico's support for Chile's aspiration to become a permanent member of the UN Security Council, a flat rejection of the nuclear tests being carried out by France and the PRC, and the decision to continue with the action plans established during the latest world conferences on the environment, social development, and hemispheric summit" held in Miami.

The two governments also announced the opening of consulates in Cancun as well as the beginning of talks on the possibility of signing a social security agreement that will benefit the Chilean people who lived in exile in Mexico.

They also agreed on the need to conclude as soon as possible the bilateral air transportation accord that will result in an expeditious flow of passengers.

Currently, the Mexican airlines cannot fly further south than Buenos Aires, and the Chileans cannot fly beyond Mexico City, which affects the route to the United States. [passage omitted]

President Frei has already carried out several activities on the third day of his visit. His activities yesterday were related to politics.

At noon, Frei met with 162 senators in the plenary hall of the Senate where he was welcomed by Institutional Revolutionary Party [PRI] Senator Fernando Ortiz Arana. [passage omitted]

Before his last working meeting with President Zedillo, Frei met in his hotel with PRI leader Sergio Onate, National Action leader Carlos Castillo, and Party of the Democratic Revolution leader Porfirio Munoz. [passage omitted]

Delegates, Businessmen Discuss Needs

PY1309005395 Santiago EL MERCURIO in Spanish 10 Sep 95 p C2

[Article by Maria Jose Errazuriz]

[FBIS Translated Text] Mexico City — Chilean and Mexican officials as well as national business representatives agree that the Chilean negotiations with the NAFTA members will make no substantial progress until the U.S. Congress approves the "fast track," [preceding two words in English] or the quick route for negotiations.

The reason for this is that the talks with U.S. officials, especially on issues related to trade, cannot continue if they don't have the "power" the U.S. congressmen must give them.

After the Chilean businessmen learned more details of the participation of their Mexican counterparts in the process, they believe there is still need for a great deal of joint work and especially technical work with government officials.

The Chilean businessmen also received recommendations from Mexican business leaders about the need to support the government experts with all kinds of subsectorial specific studies showing the good and bad aspects of the agreement.

Felipe Lamarca, leader of the Sofofa [Industrial Development Association], said: "The Production and Trade Confederation [CPC] already conducted a study (on the effects of NAFTA) but I believe it is insufficient. I believe businessmen must work much harder."

The Chilean delegation that accompanied President Eduardo Frei to Mexico held several meetings with the Mexican businessmen who were participating in the negotiations to make a joint evaluation of the progress of the talks which officially began last May.

President Frei, Foreign Minister Jose Miguel Insulza, and Chilean negotiators Juan Gabriel Valdes and Carlos Mladinic evaluated the upcoming stages of the process with Trade Secretary Hermio Blanco and Trade Under Secretary Jaime Zabludovsky. This issue was discussed on different occasions between Frei and President Ernesto Zedillo.

President Frei also held brief meetings with the negotiating technical teams who this week are continuing to meet in the World Trade Center to evaluate the issues related to agriculture, competition rules, and other issues.

The Mexican businessmen made public recommendations to the Chileans on some aspects that should be

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taken into account such as nonintervention in U.S. internal politics during the negotiations for the "fast track" and the need of thorough sectorial and subsectorial work that would allow them to be in the "adjoining room" of the government negotiators.

Juan Gabriel Valdes, the Chilean coordinator in the negotiations, told this newspaper that it was important for the Chilean Government to verify the Mexican support for the negotiations, which is an issue that was included in the joint declaration signed by Presidents Frei and Zedillo.

Valdes also said that President Frei learned personally from the Mexicans the difficulties in the process in relation to U.S. internal politics for the approval of the "fast track."

Valdes noted that the Chilean Government already stated "it will not get into the substantial issues of the negotiations while the U.S. Government keeps its negotiating officials conditioned by the fast track."

Valdes added: "The Mexican Government perfectly understands that position and, by looking it at from its own experience, it considers it prudent and necessary." Valdes indicated there are many similar points of view on how the negotiations should develop.

Valdes said that Chile should convey to the U.S. Government that all of Latin America would take notice of an unnecessary postponement of the "fast track." He added that no one would understand that an agreement to create a hemispheric free trade zone, which can be started with this very easy step, would be obstructed by the U.S. internal problems.

Valdes insisted that at this stage the "fast track" is essential for continuing the process. He confirmed that this is a long operation that has no immediate effects and that this is why it is difficult to say whether or not the negotiations are behind schedule.

Valdes said: "We had a great deal of patience and we will continue to have it. Finance Minister Aninat has already said: NAFTA is interesting for Chile but the Chilean economy can survive and progress without it."

He also assured that the process to join NAFTA will be characterized by tranquility and security, and that the Chileans will take their time to ensure successful negotiations.

Regarding the recommendations made by the businessmen, Valdes said that most of the elements were known, especially the diligent way they organized themselves to support the government. He said the CPC is in a similar situation with the Chilean Government because each negotiator in each area has a businessman to talk to.

Valdes added that studies have been made on individual products in the last eight months and that this has been reviewed in the last three months in order to have a better understanding.

Frei Returns From Tour, Comments

PY1209033195 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 12 Sep 95

[FBIS Translated Text] President Eduardo Frei returned a few minutes ago from a tour that covered Ecuador, Costa Rica, and Mexico. We have a live relay by Alejandro Melo from the Santiago International Airport. Good evening, Alejandro.

[Melo] Good evening. President Eduardo Frei returned to our country at 2020 tonight after a tour to Ecuador, where he attended the Rio Group summit. The main agreements reached by the Rio Group were on drug enforcement, corruption, and a call to stop the nuclear tests in the South Pacific. President Frei also paid a visit to Mexico, where he thanked Mexican officials for their support to help Chile join NAFTA.

Upon his return, President Frei went through the traditional ceremony for the transfer of power back to him. Interior Minister Carlos Figueroa, who was acting president, resumed his former duties. In a brief news conference, President Frei once again invited Chileans to national reconciliation and declined to comment on the remarks made by General Augusto Pinochet today.

[Begin recording] [Frei] My reflection is to invite all Chileans once again to a profound reconciliation. I believe this is the path we must take and I am convinced this is the path the large majority of Chileans want. After this trip, I am now more than ever convinced about the need for reconciliation and we will continue to work hard to achieve it. [end recording]

[Melo] Those were the comments of President Frei, who left Santiago International Airport a few minutes ago. This is all the information I have.

11 September Demonstrations Leave 1 Dead

PY1309031595 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 13 Sep 95

[FBIS Translated Excerpt] One student was killed, three carabineros wounded, and 160 demonstrators arrested during the 11 September events.

[Begin recording] [Unidentified correspondent] The demonstrations continued last night with blackouts and barricades in the outskirts of Santiago. The most

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serious events occurred in La Quintana District, where 16-year-old student Nelson Riquelme Albornoz was killed by a bullet. Carabineros is carrying out an investigation to find out where the bullet came from.

[Public Order Chief General Osvaldo Munoz] The investigation is to determine if there is a link between any police action and the killing of the minor. [passage omitted]

[Correspondent] Three Carabineros were also wounded during the demonstrations. They were ambushed in La Victoria and La Quintana Districts.

[Munoz] Two Carabineros were wounded by bullets and one was wounded by a rock thrown at his face. The three officers were taken to the Police Hospital.

[Interior Minister Carlos Figueroa] This is regrettable because of the environment we were trying to create. This is not the way for reconciliation, the use of physical and verbal violence is not the way. Also, the remarks we heard in the last few days are not helping the reconciliation process. This was noted by President Eduardo Frei, who last night reiterated his will to move decisively ahead on the path toward reconciliation. [passage omitted] [end recording]

Pinochet Addresses Crowd of Supporters

PY1209150795 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1100 GMT 12 Sep 95

[FBIS Translated Excerpt] The Armed Forces and Carabineros celebrated 11 September [date of military coup that brought to power former President Augusto Pinochet] with several institutional acts. Speaking before a large group of supporters, General Pinochet said the murderers who insult the Army today, are the same ones who were defeated in 1973.

Like every year for the past 22 years, the Santiago Garrison early in the morning honored Gen. Pinochet. Early in the morning it was possible to see that a crowd much larger than in previous years arrived at the official residence of the army commander in chief.

[Begin recording] [unidentified woman] I wanted to express my gratitude to Gen. Pinochet for having saved us from communism.

[Second unidentified woman] We suffered very much under the Popular Unity Party, and for this reason I admire the general who saved us from the burden that is communism. [end recording]

In response to the greetings of the garrison, Gen. Pinochet said that on 11 September Chile recovered its freedom. He said that those who today attack the Army are the same ones who were defeated in 1973. [passage omitted]

PS Recalls 11 Sep, Criticizes Army Chief

PY1209144895 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1100 GMT 12 Sep 95

[FBIS Translated Text] The Socialist Party [PS] yesterday recalled the events of 11 September [date of military coup in 1973 during which former President Augusto Pinochet came to power] with a ceremony at La Moneda Palace and a pilgrimage to the cemetery. PS President Camilo Escalona bitterly criticized the Army and its commander in chief.

The first to reach La Moneda Palace was the Communist Party. Its members placed a wreath where the door was located at 80 Morande Street, on one side of the palace, in memory of [former President] Salvador Allende.

As scheduled, the PS board arrived at 1100 and held a brief service to honor former President Allende. They recalled the events that took place there 22 years ago during a minute of silence.

[Begin recording of Hortensia Bussi de Allende, Allende's widow] During a ceremony at a university — from which I was prevented from participating a few days ago — I could see a huge sign that said: We were happier when there were no missing detainees. This is the way it will be in Chile all the time there is no peace, no truth, and no justice. [end recording]

A large crowd later participated in a pilgrimage to the cemetery to visit Salvador Allende's tomb. There, PS President Camilo Escalona stressed the image of the former president, saying it will not be tarnished by the insults uttered against him over the past few days, and repudiated those who say 11 September 1973 represented a victory for the Army.

[Begin Escalona recording] What Army victory? Perhaps the inexorable use of force against defenseless people. We refer to those who — bound by the constitutional duty to obey the order that emanates from the people's will — raised up in arms on a 11 September, without any risk for themselves, to overthrow the president who named him... [shouts and slogans chanted by those present] [end recording].

The crowd then visited a memorial erected in memory of the missing detainees where they also placed flowers.

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Leftists, Police Clash in Santiago, Vina del Mar

PY1209125195 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 12 Sep 95

[FBIS Translated Excerpt] Demonstrations by leftist groups today to honor ex-President Salvador Allende lead to violent clashes. One person was injured and about 20 people were arrested.

[Begin unidentified correspondent recording] About 3,000 people marched along Bernardo O'Higgins Avenue toward the general cemetery at 1100 this morning. After about one block, incidents began. About a dozen vandals threw rocks and Molotov cocktails at the headquarters of the Christian Democratic Party. The incidents continue along this avenue at the corner of Amonategui Street. About 200 men wearing hoods tried to get over a barrier to march toward La Moneda Presidential Palace. Carabineros reacted and O'Higgins Avenue once again became a real battlefield. One camera assistant was hurt in the face. Demonstrators broke down the door of a hardware store and completely looted the shop. A similar incident took place a few blocs further along when demonstrators broke the windows of a drug store and threw rocks at a Carabineros building. Unhappy with this, the demonstrators looted a shoe store near the cemetery. While most demonstrators stood by the monument to honor the missing, vandals burned tires on Recoleta Avenue, threw rocks at cars and damaged the roofs of some private homes. As a result of the uncontrolled actions of the demonstrators, who were mostly in their 20's, the Carabineros were forced to act again, using tear gas and water cannons. Once again the demonstrators responded with rocks, sticks, and Molotov cocktails. Some of the armored vehicles had a difficult time. A little girl who was choking had to be taken out of the area. Fortunately, she and most of the people attending the ceremony in the general cemetery were not hurt by the demonstrations. [passage omitted]

Metropolitan Intendant Alex Figueroa reported this afternoon that the Carabineros arrested 26 individuals. He said the government may consider action against some vandals who were caught stealing. [end recording]

There were also clashes in downtown Vina del Mar between supporters of Salvador Allende and supporters of General Pinochet.

[Begin unidentified correspondent recording] More than 300 demonstrators of leftist parties and extremist groups gathered at noon at the San Ines cemetery in Vina del Mar, where the body of ex-President Allende was buried until a few years ago before being taken to Santiago. They met to honor Allende on the 22d anniversary of his death. The militants of the Communist and Socialist Parties, and ultra left groups marched along Libertad Avenue toward the downtown area. On Valparaiso Street, which is the city's main commercial avenue, this group clashed with militants of the UDI [Independent Democratic Union] and supporters of the military regime. The Carabineros were forced to act. After 30 minutes of clashes, the situation returned to normal. [end recording]

Leftist parties and groups held two separate acts to recall 11 September. In one of the acts, Army Commander General Pinochet was criticized and in the other act the government was criticized.

[Begin unidentified correspondent recording] The Socialist Party held a ceremony headed by Hortensia Busi, the widow of Salvador Allende. The caravan arrived at Allende's grave without any problems. The speakers did not refer to proposals by President Eduardo Frei on human rights but referred to remarks by Pinochet saying that an investigation into human rights violations during the government of the Popular Unity should be made. [passage omitted] [end recording]

Colombia

Ambassador to UK Issues Communique on Beijing Remarks

PA1209135195 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 12 Sep 95

["Text" of communique issued by Noemi Sanin de Rubio, ambassador to the UK, in London on 12 September; read by anchormen Julio Nieto Bernal and Alvaro Javier Palacios; from the "Radio Events" newscast]

[FBIS Translated Text] Ecology Minister Cecilia Lopez has reportedly told the media that she overheard a conversation that I had with Inter-American Development Bank [IDB] President Enrique Iglesias during the women's summit in the PRC. She says that I expressed views during the conversation that go against Colombia's interests and that she was compelled to defend the country and President Ernesto Samper's government before the bank president.

Minister Cecilia Lopez Montano's comments are not true. I was able to personally verify with the IDB president this morning the contents of my conversation, which included absolutely no anti-Colombian remarks. Our dialogue exclusively referred to women's issues and my recent resignation.

I have been defending, I am defending, and I will continue to defend Colombia's interests, not only because I am an ambassador but also — and this is most important — because I am a Colombian, which entails

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certain responsibilities toward the country. Those who know me know that my loyalty to the country is intact and that on the many occasions when I have explained my resignation to the post of ambassador to the UK I have asserted what I said in my letter: I do it to protect my independence and autonomy.

Finally, I must say that it does not benefit Colombia — in the current crisis we face and within the process carried out by the Office of the Prosecutor General of the republic regarding finances of the previous campaign, which took the president to the state's leadership — to use distracting maneuvers that seek to hold those who have separated themselves from the government, as has been my determination, responsible for the deterioration of the country's image. If this deterioration exists, it would be a consequence of the critical events that are being investigated by the Office of the Prosecutor General of the republic rather than by those of us who have requested a thorough investigation and the truth.

Signed: Noemi Sanin de Rubio

Colombian Ambassador to the UK

Radio: Government To Dismiss Envoy

PA1209133295 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 12 Sep 95

[Report by Julio Nieto Bernal and Alvaro Javier Palacios; from the "Radio Events" newscast]

[FBIS Translated Text] Top Colombian authorities have decided to hasten Ambassador to the UK Noemi Sanin de Rubio's withdrawal since they feel that she violated diplomatic and consular discretion by commenting on the Colombian crisis at the women's conference in Beijing. RCN has been told that a decree will be issued within the next few hours dismissing Sanin de Rubio from her post and appointing a ranking Foreign Ministry official as acting ambassador. Following Sanin de Rubio's resignation a month ago, she reached an agreement with Foreign Minister Rodrigo Pardo Garcia Pena whereby she would officially step down on 22 September. However, the incident in Beijing prompted the government's decision. RCN has also learned that it was agreed at a high-level meeting at Narino Palace last night that an embassy employee would be appointed acting ambassador. However, this is impossible since all embassy employees resigned along with Noemi Sanin de Rubio.

Foreign Minister: Envoy Not Dismissed

PA1309033995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Sep 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo said today that Ambassador Noemi Sanin will not be dismissed.

[Begin recording] [Unidentified reporter] Regarding the issue of Noemi Sanin, is the government firing her and appointing a temporary replacement or are things different?

[Pardo] The government will accept the resignation she had already tendered and, as is customary in these cases, it will appoint a charge d'affaires.

[Reporter] Is the government certain that the ambassador said what they stated she said.

[Pardo] We have a report from the Colombian delegates to the Beijing Conference.

[Second unidentified reporter] What is your response to the statement by the former foreign minister, in the sense that this issue is being used to divert the public's attention and that she never said what they stated she said?

[Pardo] In this case, the creator of the smokescreen was the ambassador herself, who caused this situation with her resignation. [end recording]

Foreign Minister Rodrigo Pardo, who attended the Second Senate Commission to speak about the Nicaraguan claims over San Andres y Providencia, stated that in this regard, Colombia has nothing to fear.

[Begin Pardo recording] Colombians can rest absolutely assured that the sovereignty over our Archipelago of San Andres y Providencia is not in doubt or in jeopardy, nor can it be the subject of any conversation. [end recording]

Ecuador

Dahik Testifies, Terms Judicial Proceedings 'Illegal'

PY1309011395 Quito Voz de los Andes in Spanish 2300 GMT 12 Sep 95

[FBIS Translated Excerpt] Ecuadoran Vice President Alberto Dahik, who testified today before the Supreme Court, said the judicial proceedings against him for the alleged misappropriation of reserved funds is illegal and that he accepted to testify in respect of the Ecuadoran people.

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Dahik, who asserted there was nothing illegal in the handling of the reserved funds of the Vice Presidency, said he cannot be tried on criminal charges if he was not first tried by Congress, which must order the legal proceedings.

Dahik said: Criminal charges cannot be filed against the president or the vice president if their natural judge, which is the National Congress, did not previously order an impeachment or the authorization for their criminal trial.

About 400 people demonstrated against Dahik outside the Supreme Court building while the vice president was testifying about the alleged misappropriation of funds. [passage omitted]

Denies Payment During War With Peru

PY1309011795 Quito Voz de los Andes in Spanish 2300 GMT 12 Sep 95

[FBIS Translated Text] Ecuadoran Vice President Alberto Dahik denied today that foreign reporters accredited by the Ecuadoran Government were paid during the undeclared war between Ecuador and Peru early this year, as reported by a deputy.

Dahik said: I never said such a thing. It is absolutely false; it is an invention of Deputy Rafael Cuesta.

Deputy Cuesta is the one who said that Dahik made that comment. When Dahik was asked if he was denying making such a comment and if the reporters were indeed paid, he denied both.

Peru

Fujimori To Explain Family Planning Program at PRC Meeting

PY1109195295 Lima Radio Programas del Peru Network in Spanish 1700 GMT 11 Sep 95

[FBIS Translated Text] President Alberto Fujimori today traveled to Beijing, PRC, where he will participate in the UN Fourth World Women's Forum. During his address, scheduled for Friday, 15 September, Fujimori will explain the family planning program implemented by his government.

Fujimori is accompanied by the executive secretary of the Peruvian Promotion Commission, Properu, and journalists assigned to Government Palace.

Congressional Commission Board Members Elected

PY1209190195 Lima EL COMERCIO in Spanish 13 Aug 95 p A6

[FBIS Translated Text] The 15 regular commissions of the National Congress, except for the Constitution and Rules Commission which has already started, will begin their sessions as of tomorrow. The election of their board members, that is, of the presidents, vice presidents, and secretaries, was held last week. For the first time all posts, including those of the Democratic Constituent Congress, have been given to members of the ruling alliance, except for the Constitution and Rules Commission which has Enrique Chirinos Soto of the Renewal Movement [RM] as its vice president. The commissions are as follows:

CONSTITUTION AND RULES

President: Carlos Torres y Torres Lara

Vice President: Enrique Chirinos Soto (RM)

Secretary: Anastasio Vega

CONTROL

President: Miguel Velit

Vice President:Daniel Espichan Tumay

Secretary: Carmen Lozada

BUDGET AND GENERAL ACCOUNT

President: Carlos Blanco Oropeza

Vice President: Andres Reggiardo Sayan

Secretary: Virgilio Gutierrez

ECONOMY

President: Victor Joy Way

Vice President: Osvaldo Sandoval

Secretary: Eduardo Chang

TOURISM, TELECOMMUNICATIONS, AND INFRASTRUCTURE

President: Ricardo Marcenaro

Vice President: Eduardo Pando

Secretary: Victor Fernandez

FOREIGN AND INTER-PARLIAMENTARY RELATIONS

President: Luis Delgado Aparicio

Vice President: Juan Hermoza Rios

Secretary: Carlos Leon Trelles

LABOR AND SOCIAL SECURITY

President: Osvaldo Sandoval

Vice President: Carmen Lozada

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Secretary: Victor Fernandez

AGRARIAN, AMAZON, AND ENVIRONMENT

President: Adolfo Amorin

Vice President: Genaro Colchado

Secretary: Alberto Sato

DECENTRALIZATION AND LOCAL GOVERNMENTS

President: Samuel Matsuda

Vice President: Aurora Torrejon

Secretary: Maria Espinoza

EDUCATION, CULTURE, AND SPORTS

President: Jorge Trelles Montero

Vice President: Carlos Campos

Secretary: Juan Cardozo

ENERGY AND MINES, FISHERIES, INDUSTRY AND COMMERCE

President: Carlos Lam

vice President: Oscar Martorell

Secretary: Hubert Chavez

JUSTICE

President: Jorge Muniz

Vice President: Oscar Medelius

Secretary: Eusebio Vicuna

HEALTH, POPULATION, AND FAMILY

President: Martha Hildebrandt

Vice President: Jorge Ruiz Davila

Secretary: Carlos Reategui

DEFENSE AND INTERNAL ORDER

President: Gilberto Siura

Vice President: Gamaniel Barreto

Secretary: Demetrio Patsias

PACIFICATION AND HUMAN RIGHTS

President: Luz Salgado

Vice President: Daniel Espichan

Secretary: Carlos Reategui

Private Sector Set To Double GDP in 10 Years

95SM0488A Lima ANDINA in Spanish 19 Aug 95

[Received via Internet]

[FBIS Translated Text] The Peruvian Entrepreneurial Plan is setting for itself a 10-year program of goals that call for doubling the GDP, quadrupling exports, increasing investment by $100 million, and increasing domestic savings by a sum equal to more than 20 percent of the GDP.

These estimates were made by the Lima Chamber of Commerce in commenting on the proposal presented by the National Confederation of Private Business (CONFIEP) and prepared by "Pro Desarrollo," an organization headed by former Senator Miguel Vega Alvear.

The Chamber explains that the plan represents a joint effort by CONFIEP, the Exporters Association (ADEX), and the IDA [International Development Association].

The plan consists of an exhaustive evaluation and analysis of the extensive resources that the nation possesses.

It indicates that certain adjustments in economic policy are required in order to facilitate and ensure that the business sector—both domestic and foreign—is able to invest in seven geoeconomic zones and three geoeconomic subzones that contain enormous resources awaiting exploitation.

The plan urges the public and private sectors to give their full support to an export model that will enable Peru to establish itself as a model exporting country that is without precedent.

It explains that attainment of this objective requires the fulfillment of certain prerequisites, including the revival and modernization of the agricultural and livestock sector and its coordination with the agroindustrial export sector.

A new, more competitive, and more efficient process of industrialization is also required: one that is linked to development of the agricultural and livestock, mining, and fishing sectors.

The mining and fishing industries must also be given new impetus through the establishment of a master policy that will encourage productive technological development.

Another requirement is the creation of an infrastructure of energy production and distribution, highways, and ports that is capable of sustaining substantial growth in

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the agricultural, agroindustrial, mining, fishing, manufacturing, commercial, construction, and tourist industries.

Lastly, new poles of development must be established with a view to encouraging genuine decentralization that is linked to the activities of the agroindustrial, fishing, mining, manufacturing, and tourist sectors.

Experts Urge More Investments for Job Creation

95SM0488B Lima EL COMERCIO (EL DOMINICAL Supplement) in Spanish 30 Jul 95 p 3

[Article by Dr. Maximo Vega-Centeno of the Catholic University: "Future Objectives," and interview with economist Gianfranco Castagnola of Apoyo: "Jobs Are the Main Problem"; place and date of inteview not given]

[FBIS Translated Text]

I. Dr. Maximo Vega-Centeno: "Future Objectives"

During the past five years the government's policy has unquestionably obtained major successes in three areas of fundamental importance. On the one hand, inflation has been reduced substantially, the public finances are in better shape, and progress has been made toward reincorporating Peru into the international financial system, although the first two of these successes were admittedly obtained at the cost of a recession and unemployment and the third was achieved by assigning priority to service on the debt. Moreover, the reduction in violence that has occurred is a basic precondition for developing continuous activity and preparing plans.

On the other hand, the "structural reforms" consist of nothing other than a change in the rules of the game, a series of requirements, and guarantees for the business community. Moreover, they were developed without either obtaining or creating a consensus—a fact that will make them vulnerable in the long run. All of these reforms aim at liberalizing markets, privatizing decisions and responsibilities, freeing business firms and institutions from taxes, and eliminating regulations that protect workers and the general public. To be sure, many things needed to be corrected: there was a need to make some rigid restrictions more flexible and even to eliminate some excessive protection. However, a political climate in which debate is avoided and alternatives are disregarded—together with a willingness to carry the free-market concept to an extreme—have created, at least in principle, a potential for excesses that will prove to be just as negative as the excesses that the reforms were designed to correct, if not more so.

An initial problem is accordingly posed for the immediate future, namely the need for a careful revision of some of the rules and decisions that have been made. Revisions and improvements are not signs of weakness but examples of democratic capability and receptiveness, including the ability to evaluate one's own experience, as exemplified in connection with the new law concerning the pension systems.

A second problem concerns growth, and more precisely the spectacular growth of the last two years. This growth is produced above all by the agricultural and livestock sector and by the fishing sector: that is to say, by two sectors whose development depends on the climate—a variable that cannot be controlled, at least from the economic standpoint. Nothing can guarantee abundant and timely rainfall or the appropriate performance of the submarine currents, with the result that we still lack the ability to create controllable conditions for stable growth. Rather than growth that is "miraculous" but ephemeral, what is needed is constant growth (even if at a lower rate) that is achieved by the creation and modernization of production capacity in all sectors of the economy: that is to say, by investment in machinery and equipment for production. A policy of public investment and of stimulation and orientation (but not direction) of private investment is therefore an indispensable complement. To believe in growth that is based solely on the more efficient use of installed capacity is to return to the illusions of 1986 and run the risks of 1988, inasmuch as that capacity—in addition to being poorly utilized—is inadequate and does not permit either efficiency or competitiveness.

A third problem is the fact that this growth should create jobs, in an era when there is an excess labor supply that is moreover increasing at a rate close to 3 percent, which translates into approximately 150,000 additional job seekers each year. This situation requires a continuation of efforts to create new activities in all sectors. Once again, job creation depends on the amount and technical content of the investments, not just on making the labor market more flexible.

A fourth problem is the one that relates to the external sector, and in this connection—in addition to substantial problems regarding the balance-of-trade deficit, the real exchange rate, and trade policy (tariffs and regional integration)—it is necessary to proceed beyond an almost exclusively commercial or financial vision of the external sector of the economy. Genuine incorporation—or reincorporation—of the Peruvian economy into the international financial system also requires the presence of Peruvian products in the world's markets, and this presupposes the development of a level of production sufficient to provide an exportable supply. Again, this calls for efficient production in terms of price, quality, and dependability of delivery,

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and this in turn presupposes transformation of the existing production structure—a process that should have the benefit of community support and leadership.

In the coming years, public policy should be readjusted and supplemented in accordance with broad objectives, and it is hoped that there will be intense and creative participation by the business community.

II. Interview With Gianfranco Castagnola: "Jobs Are the Main Problem"

[EL COMERCIO] What are the government's principal successes in the economic area?

[Castagnola] They are basically three in number:

1. The government has made progress in the area of economic stabilization. The inflation indicators are at levels comparable to—or below—those of the other Latin American countries.

2. It has carried out a series of structural reforms. This has resulted in a more efficient allocation of resources and in healthy and sustained growth.

3. It has reincorporated us into the international economy. We should remember that Peru did not appear on any world economic map made in 1990, whereas it now offers opportunities for investors.

[EL COMERCIO] To what do you attribute the plan's success in these respects?

[Castagnola] Peru is a country that has weak institutions, and not just at the present time; it had them during previous governments as well. The success of the economic plan is due to the determination on the part of persons associated with the government, the ministers of the economic ministries, and the president himself to persist in its implementation. We should remember that there were difficult years—notably 1991 and 1992—when the program could have faltered.

[EL COMERCIO] What sectors of production achieved the greatest development in these years?

[Castagnola] There was growth in all of them, but the greatest growth took place in construction, which grew by more than 80 percent, followed by fishing (67 percent), manufacturing and trade (32 percent), agriculture (30 percent), and mining (24 percent). Although the mining sector recorded the least growth, it is one of the sectors that has the best prospects, because it has received a large quantity of investment. Another sector that experienced growth is the government itself, as the result of an increase in tax revenue collected, which in 1990 equaled 4 percent of the GDP and today is more than triple that figure.

One thing that I want to emphasize, however, is the concept that in a more open and competitive economy such as today's economy, we should no longer talk in terms of sectors but in terms of companies. It is possible for a company in the textile sector to do very well and export 95 percent of its production while another company in the same sector does very poorly. It is companies that do well or badly, not just sectors.

[EL COMERCIO] What are the problems that remain for us to solve?

[Castagnola] Unemployment is the single greatest problem facing the Peruvian economy for the medium term. Its cause is not economic policy, however, but the lack of investment—which has been the case for the past 25 years—while the requirements of a more competitive economy have caused companies to lay off manpower that could not be reabsorbed. Well then, what can the state do? I believe the state must create the conditions that will enable the private sector to provide jobs, but from time to time it adopts measures that have the opposite effect. There are labor-related charges such as the FONAVI [National Housing Fund], for example, that drive up the cost of labor.

The other important subject that remains for us to solve is governmental reform. There is a substantial consensus as to what areas require intervention by the state, but we have not determined how that intervention should be organized or how its functions should be apportioned and decentralized.

[EL COMERCIO] Another serious problem is the exchange rate differential and the deficit in the balance of payments.

[Castagnola] This problem is so sensitive that the government's approach to its solution can be described as a gamble. Imports currently exceed exports, and the differential is being covered by the flow of capital from abroad. The problem persists, however. During the past 20 years Peru has always solved its balance-of-payments problems by decreasing imports through the medium of adjustment programs. This time, however, I believe the government does not want to use this formula and instead is gambling that exports will increase, especially in the mining and petroleum sectors. It is also gambling that tourism will generate large quantities of foreign exchange. It is anticipated, for example, that between $6 billion and $8 billion will be invested over the next few years, and that these investments can solve the balance-of-payments problem. While all this is taking place, however, the flow of capital (direct investment, privatizations, portfolio investments, and loans) will have to continue filling the gap. As I say, the government has taken a gamble. If it loses, we shall have

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a devaluation and/or a decrease in the reserves of the Central Reserve Bank in order to cover the deficit in the balance of payments—actions that could have negative repercussions in a financial system that is "dollarized."

I believe we will know within the next two years whether the government's gamble in this area was a good decision or not.

Cordova: Economic Policy Unchanged

95SM0491B Lima ANDINA in Spanish 27 Aug 95

[Received via Internet]

[FBIS Translated Text] The government will continue with its current exchange policy, that is floating the rate of exchange, the president of the Council of Ministers and Minister of Education Dante Cordova Blanco reiterated today.

Referring to recent requests from some businessmen, the prime minister said that the lack of parity in the rate of exchange is offset by the reduction in excessive transportation costs to the benefit of exporters.

Cordova made it clear that the government will only promote healthy, and not artificial, development of the economy. "We do not believe that our economy should be static, but on the contrary, dynamic," he commented.

The guarantee that stability, both economic and political, will be maintained thanks to simultaneous pacification, stabilization, and reform programs represents one of the prerequisites for continuing to transform the Peruvian economy into one of the most dynamic in Latin America, he said.

He added that the government will continue to impose fiscal and monetary discipline, as central axes for encouraging a reduction in inflation, the expansion of credit to the private sector, and economic growth.

In statements made on the Channel 2 program Counterpoint, Cordova said that economic stability and juridical security—this is provided for in the 1993 Constitution, "are more important factors than exchange parity, which will be achieved as the market develops."

On the subject of the general budget of the Republic, he said that has been guided by an erroneous bureaucratic orientation in recent years, whereas now "it will serve as a tool of production."

"Government expenditures will promote the development of the country, in accordance with the goals established by President Alberto Fujimori," he asserted.

Concerning the educational policy, the prime minister reiterated that changes in the curricula will be introduced in order to respond to the social and economic reality in each locality in the country.

He stated that the ethical values of our society, such as respect for life and responsibility in the work, among other things, will be recovered.

"Educational texts will also be adapted to the real situation in the country," he declared, while at the same time announcing that a training program for teachers on the primary and secondary school levels will be developed.

Cordova: Government 'Very Hard' on Corruption

95SM0491E Lima ANDINA in Spanish 26 Aug 95

[Received via Internet]

[FBIS Translated Text] President Alberto Fujimori's government will deal very harshly with the slightest indication or act of corruption, the president of the Council of Ministers said yesterday.

Also, a promise was made to see to the proper administration of the economic resources of the state in order to prevent the development of corrupt acts.

"Evidently, there may have been elements in society who generated corruption, but we will be alert in overseeing economic resources, and we will make progress in recovering the moral values of society," he explained.

In this connection, he noted that the Office of the Controller carries out ongoing assessments of the programs of the government and its departments throughout the country, in compliance with the principles set forth by the chief of state on this matter when he first took office in 1990.

"All of us Peruvians must be careful with the funds that belong to us all. We must make the schedules for the taxes we pay our own, and we must see to it that they are properly administered," a local radio station reiterated.

The head of the Council of Ministers has recognized the difficulty Peru faces as a poor and underdeveloped country with fiscal resources that will not suffice to resolve all of the problems "overnight."

However, he asserted that the current guidelines offer broad future prospects for Peru, with the tasks of overcoming inflation and defeating subversive violence accomplished.

As to the role of the Armed Forces in President Fujimori's administration, he gave assurance that they play an important part in the internal security of the

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country, following their outstanding performance in the antisubversive struggle.

Now, he said, their duties will be to support the government in its frontal, determined, and final battle against the traffic in drugs and the remnants of terrorism, and to strengthen the campaign against crime, Cordova Blanco stressed.

Land Law Said To Pose Problems for Mining

95SM0491G Lima CARETAS in Spanish 25 Aug 95

[From "Undercurrents" column; received via Internet]

[FBIS Translated Text] According to the mining experts, the very recent Land Law Number 26505 has upset the plans of the major international mining companies such as Phelps Dodge, RTZ, etc., that were preparing to make sizable investments in mining operations. The fact is that the seventh article says that "no right to engage in mining exploitation can be established without a prior agreement with the owner of the property.

In the mining areas, the opinion is that this paragraph limits mining activities, since it implicitly invalidates Article Nine of the Mining Law, which provides that a mining concession simultaneously gives the holder the right to engage in exploitation and exploration. As of now, applications being processed with a view to the granting of prospecting concessions, as well as those filed subsequently, will require a preliminary step—obtaining the authorization of the owner of the land in question.

Mining operators allege that a concession on a deposit pertains to the subsoil, and not the surface of the land, which belongs to the landowner.

What has increased the concern of the representatives of foreign mining is that the country does not at the present time have an efficient system of registering property ownership. This is true above all in the more distant corners of the country, where property is conveyed by consensus. In the majority of cases, it is extremely difficult to locate the owner of a plot. It is noted, moreover, that the jurisdiction of the Land Law extends all over the country, without exception, covering wasteland and land known by any other legal name applied to a part the national territory, as the concerned mining attorney Luis Rodriguez Mariategui indicated in a recent article.

Now, under the provisions of this law, mining operators might find themselves faced with monetary demands made by some landowners in exchange for the granting of rights to mining prospecting and exploitation. This provision calls for joint ownership by the owner of the surface area and the holder of the right to the mining deposit, which will alter the entire activity of the mining sector, those who will presumably be affected maintain.

In the opinion of sources close to the National Mining Association, this constitutes a veritable obstacle to the promotion of mining prospecting, which in itself entails heavy investments in order to determine the viability and the value of the deposits fund in the subsoil. The second part of the seventh article provides that "in the event that a deposit is deemed by resolution of the Council of Ministers to be of national interest, the owner, after the Ministry of Energy and Mines has been notified, will receive compensation from the holder of the mining rights, based on the corresponding evaluation and indemnification." And adverse criticism has also arisen in the mining sector because it is believed that there is an inconsistency in Article V of the Introductory Title of the General Mining Law, which states in generic fashion that the promotion of mining activity is of national interest. On the other hand, it would seem that payments are being demanded for rights that do not actually involve acquiring ownership of the property.

A third cause of conflict is the first supplementary provision of the law, which hinders expropriations for mining use, stating that no one can be deprived of his property except exclusively for reasons of national security or public need as declared by law, and after payment in cash of the assessed indemnification, including compensation for future losses.

This supplementary provision says that the only purposes justifying the expropriation of property to serve public needs are the execution of infrastructure and public service projects. This eliminates, then, the possibility that an owner can demand expropriation when some easement interferes with his ownership rights. It also prevents a mining operator from applying for expropriation, following payment of the assessed compensation, when it is claimed that a concession granted for the activity of the mining industry is of greater importance than the activity currently being pursued.

If indeed there are some who believe that the regulations governing of the Land Law approved could calm the waters, the fact is that no regulation has the authority to amend a law. (R.H.)

Replacement of Helicopters Requested

95SM0491H (Internet) Peru DESCO Gopher in Spanish 11 Aug 95

[From Resumen Semanal 3-10 Aug]

[FBIS Translated Text] Fujimori has announced that Peru has asked for replacement of some 10 DEA [Drug Enforcement Agency] helicopters that are supporting the

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antinarcotics struggle. The reason is that "they date from the era of the Vietnam War, and they lack adequate operational capacity. This is because their flight time is limited, only two hours, and they can only carry four passengers. It is for this reason that the government has purchased some six MI-17 helicopters capable of four hours of flight and transporting 20 well-equipped soldiers," he said. (LA REPUBLICA, GESTION 11 Aug 95)

Billion-Dollar Road Network Planned

95SM04911 Lima ANDINA in Spanish 25 Aug 95

[Received via Internet]

[FBIS Translated Text] The government will invest at least a billion dollars in the asphalt paving and repair of 10,000 kilometers of roads so as to link all of the departmental and provincial capitals. [passage omitted]

Also, a program will be developed to rehabilitate 20 million kilometers of rural roads, with an investment of $400 million. This program will benefit the most neglected settlements in the country.

The government has announced that the project will generate a significant demand for professional workers, technical personnel, and local manpower, particularly in the rural zones.

The program will provide jobs for 130,000 individuals, and will serve to make the rural roads linking the hamlets and the medium and large consumer centers passable again.

It was also explained that the paving of 220 kilometers of streets, which will benefit more than 300 Andean settlements, is also included.

It is estimated that the program for rural roads will effect 2 million citizens. The program has already been launched in Huancavelica, Ayacucho, Apurimac, Cusco, Ancash, and Cajamarca.

It was revealed that work will begin in all of the departments of the country in the course of this coming year.

To parallel the roadway program, a National Highway Maintenance System has been organized. It will see to the maintenance of these roadways.

The maintenance work on the principal highways will be carried out with the participation of private enterprises.

On the departmental and rural levels, the establishment of microenterprises for maintenance and repair work will be encouraged. They, in turn, will also generate jobs.

The government indicated that the maintenance of roadways is an excellent investment for the country, because it leads to lower costs in transportation operations.

Finally, for each dollar spent on maintenance, there is a saving of five dollars in future repair work.

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